

Application No.: A.24-06-XXX

Exhibit No.: SDGE-3

Witness: Matt Richardson

PREPARED DIRECT TESTIMONY OF

MATT RICHARDSON

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

PUBLIC VERSION

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



JUNE 3, 2024

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(A.17-10-007)

ATTACHMENT 1 – **CONFIDENTIAL**

ATTACHMENT 2 – CONFIDENTIALITY DECLARATION OF MATT RICHARDSON
ACRONYM GLOSSARY

1 As described in Section III of Brenda Hua’s prepared direct testimony, the purpose of the
2 PABA is to record the “above-market” costs and revenues associated with all generation resources
3 that are eligible for cost recovery through the PCIA rates, including SDG&E’s Utility-Owned
4 Generation (“UOG”).

5 Also, described in Section V of Brenda Hua’s prepared direct testimony, the purpose of the
6 TCBA is to accrue all Competitive Transition Charge (“CTC”) eligible revenues and recover all
7 Qualifying Facility (“QF”) generation-costs above a calculated market benchmark. The TCBA was
8 authorized by D.02-12-074 and D.02-11-022.

9 Also, described in Brenda Hua’s prepared direct testimony, the purpose of the LGBA is to
10 record the revenues and costs of generating contracts where the Commission has determined that
11 the resource is subject to a cost allocation mechanism. In the record period, the projects included in
12 SDG&E’s LGBA were the contracts for Carlsbad Energy Center, LLC (“CECL”), Escondido
13 Energy Center (“EEC”), Pio Pico Energy Center (“PPEC”), CP Kelco CHP, Grossmont Hospital
14 CHP, Sentinel (RA Only), Gateway (RA Only), Edwards Sanborn (RA Only), and the utility-owned
15 El Cajon Energy Storage (“ES”), Escondido ES, Fallbrook BESS, Westside Canal ES, and
16 Miramar Top Gun ES facilities. The LGBA activity is described in more detail in Brenda Hua’s
17 prepared direct testimony. The LGBA was authorized by D.13-03-029 and established in Advice
18 Letter (“AL”) 2499-E, approved on August 9, 2013 and effective on July 31, 2013.

19 Also, described in Section VII of Brenda Hua’s prepared direct testimony, the purpose of the
20 MCAMBA to record costs for those load-serving entities (“LSEs”) that opted out of self-
21 procurement, and backstop procurement-related costs required by D.19-011-016 and/or D.21-006-
22 035. The MCAMBA was established in D.19-11-016, D.21-06-025, and D.22-05-015, and was
23 approved per AL 4043-E, effective January 12, 2023.

1 **A. CTC Contract Costs**

2 In accordance with D.02-12-074, this category captured expenses recorded in ERRA up to
3 the market benchmark value of the QF and transition Combined Heat & Power (“CHP”) PPAs that
4 are non-LGBA. In D.11-12-018, the responsibility of calculating the benchmark changed from the
5 Energy Division to SDG&E. SDG&E calculated a benchmark of ████████ MWh in 2023. The
6 expenses for QFs were calculated by multiplying the purchased MWh by the effective market
7 benchmark. This category also includes indirect Greenhouse Gas (“GHG”) costs associated with
8 the PPAs. Any expenses above the benchmark were recorded in the TCBA pursuant to Assembly
9 Bill (“AB”) 1890. The 2023 activity in SDG&E’s TCBA is described in more detail in Attachment
10 B of Brenda Hua’s prepared direct testimony.

11 **B. Contract Costs (non-CTC)**

12 This category captured the expenses for renewable PPAs, SDG&E tolling agreements and
13 other bilateral PPAs. The costs include capacity, energy, fuel, fuel transportation costs, and indirect
14 GHG cost associated with the PPAs. Also included in this category are revenues and expenses for
15 real-time bilateral purchases and sales, contract-related California Independent System Operator
16 (“CAISO”) revenue or payment adjustments and revenues for contract damages or awards, broker
17 fees, and other miscellaneous service fees.

18 **C. Generation Fuel & In-Lieu Payments**

19 All monthly recorded fuel and transportation expenses for SDG&E’s utility-owned
20 generation, and fuel purchased for SDG&E’s tolling agreements, were recorded in PABA and
21 LGBA. In-Lieu Payments (of franchise fees) were collected for Palomar fuel costs and recorded in
22 ERRA.

1 **D. Other CAISO Related Costs**

2 Included in this category are revenues and charges associated with transmission losses, and
3 ancillary services. This also includes SDG&E’s share of imbalance energy charges and Grid
4 Management Charges (“GMC”).

5 **E. CAISO Supply & Load Costs**

6 This category captures the CAISO payments and charges to SDG&E as the Scheduling
7 Coordinator (“SC”) for its supply resources, including Inter-SC trades (“ISTs”), Day-Ahead and
8 Real-Time Market activities, and their imbalance energy charges and revenues. This category also
9 includes the CAISO payments and charges to SDG&E as the SC for load, GMC, Day-Ahead and
10 Real-Time Market load activities, and load imbalance energy.

11 **F. Hedging Costs & Financial Transactions**

12 This expense category captures the monthly expenses for hedging generation fuel and
13 commissions and other bank fees.

14 **G. Western Renewable Energy Generation Information (“WREGIS”) Costs**

15 This category reflects costs relating to participation in the Renewable Energy Credit
16 (“REC”) management program administered by WREGIS.

17 **H. Congestion Revenue Rights (“CRR”) CAISO Costs**

18 This category includes costs and revenues relating to CRR activity charged to SDG&E by
19 the CAISO.

20 **I. CAISO Convergence Bidding Costs**

21 This category includes revenues and costs related to convergence bidding as authorized in
22 D.10-12-034.

1 **J. GHG & Carrying Costs**

2 This category includes costs and cost adjustments related to SDG&E’s procurement of GHG
3 compliance instruments to comply with California Air Resources Board’s Cap-and-Trade program
4 pursuant to AB 32. The 2023 GHG compliance activity is described in more detail in the prepared
5 direct testimony of SDG&E witness Stephen Elliott.

6 **III. ELECTRIC & FUEL PROCUREMENT FUNCTIONS**

7 The Electric & Fuel Procurement Department (“E&FP”) is responsible for managing
8 SDG&E’s electric generating portfolios, procuring new resources, managing Renewable Portfolio
9 Standard (“RPS”) compliance, energy and gas contract administration and settlements. This section
10 generally describes the responsibilities of the major functions provided by various sections of
11 E&FP. Also, attached in Exhibit A is an organizational chart of the E&FP department as of the end
12 of the record period.

13 **A. Long-Term Procurement Functions**

14 Origination, Energy Supply and Dispatch (“OES&D”) is comprised of two functional areas:
15 Origination (Origination Analytics & Energy Origination) and Energy Supply & Dispatch
16 (“ES&D”). Origination Analytics supports long-term procurement of energy products such as
17 renewables, conventional generation, ES, demand response, energy efficiency, resource adequacy
18 (“RA”) capacity and RECs. To this end, the group designs, implements and manages competitive
19 solicitations in accordance with Commission directives and executes agreements on a bilateral basis
20 to meet energy procurement needs. Furthermore, the group supports Origination with financial and
21 technical modeling for utilization in PUC proceedings or regulatory approval of SDG&E contracts.
22 Energy Origination negotiates and executes PPA and resource requirements for UOG, to meet
23 SDG&E’s long-term energy and capacity requirements and regularly updates the Procurement
24 Review Group. ES&D is described below in the Trading & Scheduling Functions.

1 **B. Resource Planning Section**

2 The Resource Planning (“RP”) Section provides support for several regulatory agencies and
3 filings including the ERRA proceeding. They forecast procurement costs for the ERRA, TCBA,
4 LGBA, MCAM, TMNBCBA, and the Power Charge Indifference Adjustment (“PCIA”). SDG&E’s
5 witness Brenda Hua uses these forecasts to develop ERRA revenue requirements for each element.
6 The forecasts include expected generation and purchases from SDG&E’s resource portfolio
7 including tolling projects, UOG, renewable projects, QFs and market purchases. RP also forecasts
8 the CAISO charges, hedging costs, San Onofre Generating Station Unit 1 Offsite Spent Fuel
9 Storage Costs and a forecast of total GHG costs. RP provides support for the development of the
10 GHG allowance revenue return allocation and the volumetric revenue return for small business and
11 residential customers, as well as rates for the Green Tariff Shared Renewables (“GTSR”) program.

12 **C. Trading & Scheduling Functions**

13 ES&D provides trading and scheduling functions in support of UOG, tolling agreements,
14 renewable energy, QFs, demand-side resources and other resources as required. They manage the
15 portfolio of assets consistent with the Commission-approved procurement plans and gas supply
16 plans for UOG. ES&D manages the least-cost dispatch of the UOG and tolling agreements, battery
17 ES, purchases and sales of GHG related products, natural gas and power, and hedges to maintain the
18 portfolio’s price risk exposure within the Customer Risk Tolerance limits. They perform all
19 scheduling and interface functions with the CAISO and participate in CAISO-related meetings and
20 working groups. ES&D manages compliance with annual and monthly RA requirements and
21 oversees the real-time scheduling, dispatch, and trading functions. ES&D staffs a real-time desk to
22 manage real-time energy transactions and scheduling activities and ensures that ES&D complies
23 with various regulatory and financial constraints/requirements. Details of the least-cost dispatch are
24 provided in the prepared direct testimony of SDG&E witness Andrew Scates.

1 **D. Back-Office Functions**

2 Settlements and Systems (“S&S”) provides back-office support for UOG, renewable energy,
3 QFs and other resources as required. S&S manages PPAs through construction and development
4 phases, up to the commercial operation date (“COD”), monitors and administers energy supply
5 (e.g., PPAs for QFs, renewable energy resources and tolling agreements) and gas marketing
6 contracts delivering energy and capacity to SDG&E and participates in various regulatory
7 proceedings relating to contract administration. S&S also verifies, validates, and processes invoices
8 and billing requests for bilateral transactions, and prepares journal entries to record expenses and
9 revenues. In terms of interaction with CAISO, S&S validates and processes settlement statements
10 and invoices from the CAISO, disputes any questionable charges, and
11 reports generation and load meter data. They also coordinate Sarbanes-Oxley (“SOX”) 404
12 compliance and control activities for many E&FP Functions.

13 The Systems Section is responsible for system administration for departmental software
14 supported by SDG&E's Information Technology department. The primary applications are a)
15 ION's electronic database (“Allegro”), a repository and payment database, b) Power Costs Inc.
16 (“PCI”) dispatch program, c) Versify Solutions, a MCG Energy Company (“V Performance”) for
17 RA requirements and d) the Meter Data Processing System (“MDPS”), which performs the meter
18 reporting and submissions to the CAISO.

19 **E. Mid-Office Functions**

20 SDG&E's Energy Risk Management (“ERM”) department, which reports to SDG&E's Vice
21 President - Risk Management & Chief Compliance Officer, provides mid-office support functions
22 to E&FP by identifying, managing, monitoring and reporting on market, credit, financial and
23 operational risks. The ERM department conducts daily reviews of electric procurement physical
24 and financial positions, including Commission-approved risk metrics, trader authority limits,

1 counterparty credit risk positions and compliance with financial liquidity/collateral limits. ERM
2 also supports the Front Office in the development of hedging plans and monitors compliance with
3 the approved plans.

4 ERM monitors and enforces process controls related to the execution, recording and
5 valuation of trades, including derivatives. ERM is also responsible for compliance with Dodd-
6 Frank requirements, including trade reporting and record retention activities, and for SOX 404
7 compliance and testing for many of the controls related to ERM activities.

8 **IV. SUPPLY PORTFOLIO ADMINISTRATION IN GENERAL**

9 S&S is responsible for: (a) contract administration, (b) preparing, reviewing and issuing
10 invoices, (c) issuing payments associated with energy transactions and generation fuel agreements,
11 and (d) providing mandated regulatory and financial reporting.

12 As of the end of the record period, S&S administered an electric supply portfolio consisting
13 of UOG and bilateral PPAs with conventional and renewable power plants. The UOG portion of
14 the portfolio was comprised of SDG&E's 100% ownership of the following operational plants:

SDG&E Power Plants	MW ¹
Miramar Energy Facility 1 & 2	96
Cuyamaca Energy Center	45
Palomar Energy Center	588.21 ²
Desert Star Energy Center	495
Ramona Solar	4.3
El Cajon Energy Battery Storage	7.5
Escondido Energy Battery Storage	30
Top Gun Storage	30
Kearny Battery Energy Storage	20
Fallbrook Battery Energy Storage	40
Westside Canal Battery Energy Storage	131
Rooftop Solar (combined)	3.4

15

¹ The fossil fueled UOG MWs are consistent with SDG&E's Resource Data Template ("RDT") reported to the CAISO as updated when necessary from time-to-time. However, the small SDG&E-owned Vista Fuel Cell and Rooftop Solar (combined) MW's are not reported to the CAISO.

² Palomar increased Capacity MW limit from 575 to 588.21 effective July 7th, 2021.

1

SDG&E's PPAs include the following:

Status as of:
December 31, 2023

Commercial Operations	TOTAL PPA'S		
Contract Summary	Number	MW	MWH
QF/CHP	6	137.1	230,144
Renewable	41	2,517.1	6,767,451
Tolling	6	1,094.4	478,744
Energy Storage	3	154.0	127,796
WSPP/EEL	23	24.0	(4,286,017.0)
Total	79	3,926.6	3,318,118

Pre-Operational	TOTAL PPA'S		
Contract Summary	Number	MW	MWH
QF/CHP	1	17.4	0
Renewable	2	163.5	0
Tolling	0	0.0	0
Energy Storage	5	400.5	0
WSPP/EEL	0	0	0
Total	8	581.4	0

Expired/Terminated	TOTAL PPA'S		
Contract Summary	Number	MW	MWH
QF/CHP	0	0.0	0.0
Renewable	2	111.0	235,004.6
Tolling	0	0.0	0.0
Energy Storage	0	0.0	0.0
WSPP/EEL	0	0.0	0.0
Total	2	111.0	235,005

Commercial Operations	TOTAL PPA'S		
Technology Type	Number	MW	MWH
Bio-Mass	1	24.0	210,822.8
Conduit-Hydro	4	2.9	3,514.2
Energy Storage - Pumped Hydro	1	40.0	(3,292.1)
Energy Storage - Battery	3	154.0	127,796.2
Hybrid - Energy Storage + Solar PV	1	10.0	3,526.8
Landfill Gas	3	5.3	36,578.6
Market	23	24.0	(4,286,017.0)
Natural Gas	9	1,190.6	713,991.5
Solar PV	23	1,346.1	3,375,206.8
Wind	11	1,129.8	3,137,990.5
Total	79	3,926.6	3,318,118

Pre-Operational	TOTAL PPA'S		
Technology Type	Number	MW	MWH
Bio-Mass	0	0.0	0
Conduit-Hydro	0	0.0	0
Energy Storage - Pumped Hydro	0	0.0	0
Energy Storage - Battery	4	287.0	0
Hybrid - Energy Storage + Solar P	4	294.4	0
Landfill Gas	0	0.0	0
Market	0	0.0	0
Natural Gas	0	0.0	0
Solar PV	0	0.0	0
Wind	0	0.0	0
Total	8	581.4	0

Expired/Terminated	TOTAL PPA'S		
Technology Type	Number	MW	MWH
Bio-Mass	0	0.0	0.0
Conduit-Hydro	0	0.0	0.0
Energy Storage - Pumped Hydro	0	0.0	0.0
Energy Storage - Battery	0	0.0	0.0
Hybrid - Energy Storage + Solar PV	0	0.0	0.0
Landfill Gas	1	4.5	8,324.6
Market	0	0.0	0.0
Natural Gas	0	0.0	0.0
Solar PV	0	0.0	0.0
Wind	1	106.5	226,680.0
Total	2	111.0	235,005

2

3

S&S performs the following routine tasks to ensure compliance with contract terms and regulatory requirements.

4

5

A. Contract Management for New Projects

6

Before new projects reach COD, S&S provides contract management during a project's construction phase ensuring that all conditions precedent and milestones are met. Additionally, S&S manages the transition between construction and commercial operation including multiple meetings with the new counterparty to introduce staff, review the scheduling communication protocols, and discuss the invoicing and settlement procedures. The purpose of these meetings is to ensure a smooth transition from the construction phase to commercial operation.

10

11

B. Invoice Verification

12

For most non-QF contracts, the Sellers issue monthly invoices to SDG&E. For QFs, SDG&E issues monthly invoices to the Seller. Based on contract terms, and the daily communication records, the S&S staff prepares, reviews and verifies the details of the invoices, including, but not limited to: prices and quantity of energy delivered or scheduled, verification of excused outages, prices of capacity, TOD factors, index prices, startup payments, economic curtailment compensation, and validity of any adjustments to the invoices. S&S staff follow the complete payment process to verify it is done in a timely manner per the contract.

19

1 S&S staff is also responsible for coordinating, investigating and resolving disputes, if
2 necessary, in a timely manner and in accordance with terms and conditions of the contract and
3 applicable utility and CAISO tariffs.

4 **C. WREGIS Administration**

5 Starting in 2007, as part of the RPS compliance effort, the California Energy Commission
6 (“CEC”), the Western Governors’ Association and Western Electricity Coordinating Council jointly
7 launched the implementation of WREGIS, an online system which tracks renewable energy
8 generation from units that register in the system using verifiable data and creates RECs for this
9 generation. In 2008, SDG&E became an account holder and qualified reporting entity within
10 WREGIS and worked with the renewable counterparties to register each facility into the system.
11 SDG&E started reporting renewable generation from these facilities through WREGIS starting on
12 May 1, 2008. During the record period, the new WREGIS software platform, MRETS,
13 experienced several defects that resulted in an incorrect number of RECs being issued for several
14 generators, including a large portion of generators contracted with SDG&E. S&S staff diligently
15 monitored and administrated the issuance and transfer of RECs for the WREGIS accounts, working
16 with WREGIS Administration and directly with counterparties to document any discrepancies in
17 REC quantities.

18 **D. Active Monitoring**

19 Most of the PPAs require Contract Administrators to monitor and track generation to ensure
20 the Generator’s compliance with the contract terms through the life of the contracts. It includes, but
21 is not limited to, generation, insurance, credit requirements and status, and compliance with
22 regulatory and reporting requirements. Contract Administrators work closely with the Generators to
23 immediately address any contractual issues that may arise.

1 Particularly for the renewable contracts, D.10-06-004 mandated SDG&E to actively monitor
2 the Seller’s compliance with Standard Terms and Conditions 6 (“STC 6”), as defined in the Pub.
3 Util. Code.³ SDG&E implements the following method of active monitoring:

- 4 i. Request the Seller’s copy of CEC’s certification, both pre-& final;
- 5 ii. Request that the Seller register the contracted facility with WREGIS and provide
6 SDG&E their WREGIS ID; and
- 7 iii. Request that the Seller certify that the product SDG&E received during the record
8 period was indeed in compliance with STC 6.

9 For the record period, all RPS projects reported compliance with the STC 6 based on above
10 activities (i) and (ii). All Sellers responded to SDG&E’s questionnaire at year end according to (iii)
11 above, confirming their compliance.

12 **E. Contract System Administration**

13 During the record period, E&FP’s front, mid and back offices used Allegro as its primary
14 contract management trading and tracking system. Allegro is a SOX compliance system that is
15 used for regulatory reporting, accounting, commodity trading management, and portfolio valuation.
16 It creates an audit trail when changes are made to contracts in the system. During the record period,
17 S&S supported SDG&E’s goals of complying with SOX requirements, maintaining up-to-date
18 systems, enhancing forecast accuracy, and ensuring compatibility between software systems used
19 within E&FP.

³ STC 6 requires the Sellers to warrant throughout the term of the PPA that: (i) the Project qualifies and is certified by the CEC [California Energy Commission] as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in the Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project’s output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in the law. *See* D.10-06-004 at 4-5 (citation omitted).

1 **F. Summary of SDG&E’s Long-Term Energy Contract Portfolio**

2 During the record period, S&S managed the contract terms and activities of conventional
3 and renewable contracts in its long-term energy contract portfolio. The Electric Contracts tab in
4 Attachment 1 of this testimony lists and summarizes the contract terms and activities during the
5 record period in the following categories:

Contract Class
Contract Name
Contract Terms
Payment Terms
New Contracts
Modifications, Letter Agreements & Amendments filed in AL’s or Applications
Modifications, Letter Agreements & Amendments for Review in ERRA Application
Terminated Contracts

6
7 **G. Non-QF Contract Types**

8 There are generally three Non-QF contract types in SDG&E’s portfolio that include, among
9 other benefits, the purchase or sale of as-available capacity and energy, RECs and RA benefits.

10 Below is a list and definitions of those contracts:

11 **1. Renewable Contracts**

12 Power purchase and sale contracts with power suppliers whose generation fuel (wind, solar,
13 etc.) are certified as renewable. This type includes both bilateral PPAs and standard agreements.

14 **2. Bilateral PPAs**

15 Contracts that originate from a Request for Offer (“RFO”) and are not tariff or regulatory
16 mandated contracts may originate from bilateral negotiations. The Buyer and Seller negotiate the
17 terms and are bound by the provisions. Bilateral PPAs typically include the purchase of energy
18 and/or capacity and may be firm or dispatchable.

3. Tolling Agreements

These are dispatchable contracts, and SDG&E purchases and transports the natural gas to the power plants. SDG&E pays for capacity based on the availability of the plants and the contracts include fixed and variable O&M charges, startup costs, etc. SDG&E economically bids the plants and available ancillary services into the CAISO market.

H. QF/CHP Contract Administration

As of the end of the record period, the following table lists and summarize the names, sizes, energy and capacity prices and quantities of all exporting and non-exporting QF/CHP's during the record period:

QF & CHP PLANTS THAT SOLD POWER OR WERE DISPATCHED BY SDG&E					
Plant	PPA Type	Nameplate MW	Fixed Capacity MW	Energy Price	Capacity Price
SF Peak Hydro	SO1	0.4	0	SRAC	SRAC
CP Kelco	CHP	26.7	0	SRAC	SRAC
Goal Line	CHP	49.9	49.9	\$6.21/MWh variable O&M	\$172/kW-yr. + \$23.40-\$33.00/kW-yr.
Grossmont	CHP	4.6	0	SRAC	SRAC
YCA	CHP	55.0	55.0	\$3.54/MWh variable O&M	\$140/kW-yr. with 17.65% bonus adj.
Total		136.6	104.9		

The following table lists the percentages of generation (MWh) supplied by QF projects, but not CHP, relative to SDG&E's total energy supply for the record period.

Total QF Supply (MWh)	SDG&E's Total Energy Supply (retail sales MWh)	% of QF generation relative to SDG&E's total energy supply
189	4,619,558.00	0.004%

The following table lists the percentages of QF renewable energy (MWh), but not CHP, relative to total QF supply for the record period.

QF RPS Eligible Renewable Purchased Energy (MWh)	Total QF Purchases (MWh)	% of QF RPS eligible renewable Purchased Energy relative to total QF Purchases
189	189	100%

The following table lists the percentages of QF renewable energy (MWh) relative to total RPS supply.

QF Renewable Purchases (MWh)	Total RPS Purchases (MWh)	% of QF RPS eligible Renewable Energy relative to total RPS supply
189	1884437	0.030%

1. Payments to QF/CHP

During the record period, there were no unusual or significant payments to, or claims by, the QFs. The table below shows the QF monthly delivered energy MWh and the energy and capacity payments made to QFs during the record period. The table is also provided in Attachment 1.

2023 QF MONTHLY PAYMENTS			Confidential/privileged pursuant to applicable provisions of D.06-06-066, G.O. 66-D and PUC Code Section 583 and Section 454.5(g).												
NOTE: DOES NOT INCLUDE GENERATION FROM OR PAYMENT TO, CONVERTED CHP PLANTS			Jan Total	Feb Total	Mar Total	Apr Total	May Total	Jun Total	Jul Total	Aug Total	Sept Total	Oct Total	Nov Total	Dec Total	Total MWh
Monthly energy purchases (MWh)	QFID	Technology	Generating Facility	[REDACTED]											189.01
	119	Conduit Hydro	San Francisco Peak Hydro Plant	[REDACTED]											
Monthly energy purchases	QFID	Technology	Generating Facility	[REDACTED]											Total Energy \$
	119	Conduit Hydro	San Francisco Peak Hydro Plant	[REDACTED]											28,523.64
Monthly Capacity Purchases	QFID	Technology	Generating Facility	[REDACTED]											Total Capacity \$
	119	Conduit Hydro	San Francisco Peak Hydro Plant	[REDACTED]											3,899.43

2. Efficiency Monitoring

SDG&E did not review any QF cogeneration efficiency records for the record year.

3. Insurance Monitoring

During the record period, the S&S staff solicited and tracked insurance certificates for all PPAs to ensure current certificates are maintained by Ebixcerts.com, an Ebix Inc. system.

V. EXPIRED AND TERMINATED CONTRACTS

SDG&E normally administers each contract from execution through the end of the contract term at which point, the contract will expire. However, SDG&E can terminate a PPA earlier than the expiration date due to a counterparty event of default. If this occurs, SDG&E will notify the counterparty of the default. If the counterparty fails to cure the default, SDG&E may terminate the

1 contract. Contracts can also be terminated by mutual consent between the counterparties. The
2 expired and terminated contracts are discussed in the relevant sections below and in Attachment 1.

3 **A. Contract Amendments, Modifications and Letter Agreements**

4 During the record period, SDG&E signed a letter agreement with one counterparty and
5 amended one contract. Attachment 1 of this testimony summarizes this letter agreement.

6 **B. Contract Administration of Fuel Procurement Contracts**

7 During the record period, SDG&E had fuel procurement contracts in effect or under
8 negotiation, initiation, revision, amendment, or termination. Attachment 1 of this testimony
9 includes a tab entitled “Gas Contracts” that identifies the counterparties, contract types and effective
10 dates of all active fuel procurement contracts in effect or otherwise acted upon during the record
11 period.

12 **C. Hypothetical Maximum Disallowance for Standard of Conduct 4 Violations**

13 For the record period, SDG&E calculated \$18.699 million⁴ as the hypothetical Maximum
14 Disallowance for Standard of Conduct 4 Violations which equates to twice the estimated
15 administrative expenses of \$9.349 million calculated in the table below. In D.02-12-074, the
16 Commission set “each utility’s maximum disallowance risk equal to two times their annual
17 administrative expenses for all procurement functions, including those related to DWR contract
18 administration, utility-retained generation, renewables, QFs, demand-side resources, and any other
19 procurement resources.”⁵ This hypothetical disallowance cap was established in Ordering
20 Paragraph 25 of D.02-12-074 and modified by Ordering Paragraph 3.a. of D.03-06-067.

⁴ SDG&E provides this information on a hypothetical basis. SDG&E sees no practical usefulness of this number in this proceeding.

⁵ D.02-12-074 at 55.

1 The record period falls under the 2019 GRC period which is effective from 2019 through
2 2023.⁶ In the table below, SDG&E provides a hypothetical disallowance cap utilizing the GRC
3 Authorized Revenues for Procurement Expenses and shows how those costs are hypothetically
4 distributed in three major functions: Long-Term Procurement, Trading & Scheduling, and the Mid
5 and Back Office. More information about the test-year (“TY”) 2019’s O&M costs for non-shared
6 services are summarized in the SDG&E Direct Testimony of Kendall K. Helm (Electric and Fuel
7 Procurement) (October 2017) in the 2019 GRC proceeding (Application (“A.”) 17-10- 007) and
8 attached Exhibit D is a copy of this testimony.⁷

⁶ In D.20-01-002, the Commission modified the GRC cycle for SDG&E, changing it from a three-year to a four-year cycle, with the filing deadline transitioning to May 15th of the year that is two years prior to the test year. D.20-01-002 added a third and fourth attrition years for the 2019 GRC period for 2022 and 2023.

⁷ SDG&E uses USA (Federal Energy Regulatory Commission (“FERC”)) Accounts 556 (System Control and Load Dispatch) and 557 (Other Expense – Purchase Power). There are no USA numbers that can be used for the procurement functions in the table. It is SDG&E’s understanding that the USA systems of accounts relates to FERC accounts only.

**SDG&E's Hypothetical Disallowance Cap Utilizing the GRC Authorized
Revenues for Procurement Expenses**

\$ in Millions

#	Administration Expenses for all Procurement Functions	SDG&E's Authorized Revenue Requirement for Procurement Expenses (2019\$)			Maximum Disallowance
		Labor	Non-Labor	Total	
1	Long Term Procurement	2.125	0.264	2.389	18.699
2	Trading and Scheduling	2.536	0.656	3.192	
3	Middle and Back Office	2.640	1.129	3.769	
4	Total	7.301	2.049	9.349	

Note: From CPUC D. 19-09-051

	Request (2016\$)
1 Long Term Procurement	2.203
2 Trading and Scheduling	2.949
3 Middle and Back Office	3.489
4 Total	8.641

Procurement Expenses (2019\$)		
Labor	Non-Labor	Total
2.125	0.264	2.389
2.536	0.656	3.192
2.640	1.129	3.769
7.301	2.049	9.349

electric

		2016\$	2016\$	2019\$	2019\$
		L	NL	L	NL
1EP001	Long Term Procurement	1.955	0.248	2.125	0.264
1EP002	Trading and Scheduling	2.333	0.616	2.536	0.656
1EP003	Middle and Back Office	2.429	1.060	2.640	1.129

gen

		2016\$	2016\$	2019\$	2019\$
		L	NL	L	NL
1EP001	Long Term Procurement	0.000	0.000	-	-
1EP002	Trading and Scheduling	0.000	0.000	-	-
1EP003	Middle and Back Office	0.000	0.000	-	-

gas

		2016\$	2016\$	2019\$	2019\$
		L	NL	L	NL
1EP001	Long Term Procurement	0.000	0.000	-	-
1EP002	Trading and Scheduling	0.000	0.000	-	-
1EP003	Middle and Back Office	0.000	0.000	-	-

Total

		2016\$	2016\$		2019\$	2019\$	
		L	NL	Total	L	NL	Total
1EP001	Long Term Procurement	1.955	0.248	2.203	2.125	0.264	2.389
1EP002	Trading and Scheduling	2.333	0.616	2.949	2.536	0.656	3.192
1EP003	Middle and Back Office	2.429	1.060	3.489	2.640	1.129	3.769
							9.349

Escalation Rates

Elec/Gen/Gas	Elec/Gen	Gas
Labor	NLbr	NLbr
1.086300	1.064800	1.064800

1 **VI. CONTRACT PORTFOLIO AND STATUS**

2 This section lists each of the executed contracts in SDG&E’s portfolio by technology type
3 and provides a brief description of the contract or project status. SDG&E also describes any issues
4 that occurred in the record period.

5 During the record period, SDG&E conducted resource-specific and Preferred-Resources
6 RFOs requesting solicitations with the following pro-forma agreements:

7 **PROCUREMENT- RELATED RESOURCES SOLICITATION IN 2023**

Pro-Forma Agreement Type	Date Issued	Description
2023 RPS Market Offer Request for Proposals for Short-term Sales	1/9/2023	Per D.21-05-030 and D.22-11-021, SDG&E sought to sell products from PCIA-eligible renewable resources from its short-term portfolio, that remain unallocated after the Voluntary Allocation process, to third parties. Products derived from Resources that meet the California RPS eligibility criteria set forth by the CEC.
2024 DRAM RFO	2/13/2023	In accordance with D.14-12-024, D.16-06-029, D.19-07-009, and D.19-12-040, SDG&E sought local, system and flexible RA resources via a standard, non-negotiable Demand Response Auction Mechanism Purchase Agreement.
2023 RPS Market Offer Request for Proposals for Short-term Sales	3/7/2023	Per D.21-05-030 and D.22-11-021, SDG&E sought to sell products from PCIA-eligible renewable resources from its long-term portfolio, that remain unallocated after the Voluntary Allocation process, to third parties. Products derived from Resources that meet the California RPS eligibility criteria set forth by the CEC.
2023 Q3 Excess RA Electronic Solicitation	4/3/2023	Sought to sell excess RA capacity products (Jul-Sep): CAISO South System RA, RA w/ Flex, SD-IV Local RA, Local RA w/ Flex, Import Allocation Rights.
2023 Q4 Excess RA Electronic Solicitation	6/26/2023	Sought to sell excess RA capacity products (Oct-Dec): CAISO South System RA, RA w/ Flex, SD-IV Local RA, Local RA w/ Flex.
Summer Reliability RFO - Energy Imports	7/5/2023	SDG&E sought through the Summer Reliability RFO to procure import resources to meet electric system reliability needs, with an effective planning reserve margin target of 170-320 MW, as required by the CPUC Proposed Decision Adopting Resource Adequacy Obligations and Program Refinements for 2024-2026, distributed on May 25, 2023

Pro-Forma Agreement Type	Date Issued	Description
Mid-Term Reliability RFO - Energy Imports	7/5/2023	SDG&E sought through Mid-Term IRP Reliability RFO to procure resources to meet electric system reliability needs as required by CPUC D.21-06-035. The Decision requires SDG&E to solicit offers from owners and operators for the purchase of eligible resource adequacy (“RA”) to come online by August 1, 2023, June 1, 2024, June 1, 2025, or June 1, 2026.
2023 Renewable Portfolio Standard RFI	8/23/2023	In accordance with D.21-05-030 and D.22-12-030, SDG&E sought RPS contract assignment or novation, contract termination with buyout, and contract buydown options from eligible counterparties, through a request for information. SDG&E expanded the RFI to third party market participants on September 13, 2023.
2024 RA Solicitation	8/28/2023	Sought to sell RA capacity products (Local and System) with load serving entities, marketers and generators. It is the intention of this solicitation to minimize the procurement cost impact for ratepayers while also meeting SDG&E’s RA Requirement.
Fall 2023 Green Tariff Shared Renewables Solicitation (EcoShare)	12/5/2023	In accordance with D.16-05-006, D.15-01-051, D.17-07-007, and R-4734 issued by the Commission, SDG&E sought contracts with facilities that produce RPS-eligible energy for the purpose of implementing its Enhanced Community Renewables.
Reliability RFO For Summer 2024 and 2025 Resources	7/7/2023	On July 7, 2023, as a response to the California Public Utilities Commission Proposed Decision Adopting Resource Adequacy Obligations and Program Refinements for 2024-2026, to meet electric system reliability needs, San Diego Gas & Electric Company (“SDG&E”) is seeking resources with an online date of June 1, 2024 to meet its effective planning reserve margin target of 170-320 MW for the summers of 2024 and 2025.

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Copies of the pro forma PPAs are attached in a PDF format in Exhibit C of this testimony.

In addition to the PPAs listed above, SDG&E had a Bioenergy Market Adjusting Tariff (“Bio-Mat”), and CHP PPA (one for CHP Facilities less than 5 MW and another one for CHP facilities less than 20 MW) and Public Utility Regulatory Policies Act (“PURPA”) for projects 20 MW or less available during the record period.

A. Renewable Resources

SDG&E’s PPA renewable portfolio is comprised of resources from competitive solicitations, bilateral PPAs, and standard-offer PPAs. This section provides a description of each

1 renewable energy resource project in SDG&E’s electric portfolio that delivered energy to SDG&E
2 during the record period, arranged by technology type, along with discussions of activities unique to
3 each project. Additional details about each project can be found in the Electric Contracts tab of
4 Attachment 1 of this testimony.

5 **1. BIO-GAS & BIO-MASS**

- 6 ○ HL Power Company, LP: This five-year Bio-RAM PPA was executed on
7 November 14, 2016, started delivering energy under the PPA in 2017,
8 and amended pursuant to Resolution E-4977 to modify the project’s fuel
9 requirements and extending the term for an additional five years. The
10 PPA price is \$109.00/MWh, adjusted by time-of-delivery (“TOD”)
11 factors. The bio-mass project size is 30 MW project and SDG&E’s
12 contract is for 24 MW, is in Wendel, California (“CA”), and is connected
13 to the Lassen Municipal Utility which delivers their energy to the PG&E
14 system.
- 15 ○ San Marcos Energy, LLC: This twenty-year Customer Renewable
16 Energy “CRE” FIT PPA with SDG&E was executed on November 20,
17 2009. The plant started delivering energy under the PPA in 2011. The
18 PPA has term at price of \$117.30/MWh adjusted by TOD factors. The
19 landfill gas plant size is 1.5 MW and is in San Marcos, CA.
- 20 ○ Sycamore Energy 1, LLC: This twenty-year CRE FIT PPA was executed
21 on November 20, 2009. The plant started delivering energy under the
22 PPA in 2011. The PPA has a price of \$117.30/MWh adjusted by TOD
23 factors. The landfill gas plant size is 1.5 MW and is in Santee, CA.
- 24 ○ Sycamore Energy 2, LLC: This ten-year Renewable Market Adjusting
25 Tariff (“ReMat”) PPA was executed on March 7, 2014. The plant started
26 delivering energy under the PPA in 2014. The PPA price is \$89.23/MWh
27 adjusted by TOD factors. The landfill gas plant size is 2.25 MW and is in
28 Santee, CA.

1 **2. HYDRO**

- 2 ○ *Bear Valley Hydro Plant*: This evergreen restated bilateral PPA was
3 executed on April 13, 1994. The conduit hydro facility started delivering
4 power in 1994. The PPA price is Short Run Avoided Costs (“SRAC”)
5 with as-available capacity payments. The conduit hydro plant size is 1.5
6 MW and is in Escondido, CA.
- 7 ○ *Olivenhain Municipal Water District*: This twenty-year Wastewater FIT
8 PPA with the Public Water and Wastewater was executed on July 23,
9 2013 and started delivering energy under the PPA in 2013. The PPA
10 price is \$93.75/MWh adjusted by TOD factors. The conduit hydro
11 project size is 0.45 MW and is in Encinitas, CA.

12 **3. SOLAR**

- 13 ○ *Arlington Valley Solar*: This twenty-five-year bilateral PPA was executed
14 on June 3, 2011 and started delivering energy under the PPA in 2013.
15 The PPA price is \$107.50/MWh adjusted by TOD factors. The PPA price
16 changed from \$107.50/MWh to \$110/MWh because the unit had reached
17 its full deliverability Capacity Status in May 2022 as shown in the
18 CAISO NQC listing. SDG&E exercised its curtailment rights during the
19 record period. The solar PV project size is 127 MW and is in Arlington,
20 Arizona (“AZ”).
- 21 ○ *Calipatria Solar*: This twenty-year RAM PPA was executed on
22 December 13, 2012 and started delivering energy under the PPA in 2016.
23 The PPA price started at \$64.55/MWh in year 1, escalating to
24 \$85.65/MWh throughout the term adjusted by TOD factors. SDG&E
25 exercised its curtailment rights during the record period. The solar PV
26 project size is 19.99 MW and is in Imperial Valley, CA. SDG&E
27 exercised its RA purchased options for the record year. This resulted in
28 an additional \$3 per MW on the contract price.
- 29 ○ *Campo Verde Solar*: This twenty-year bilateral PPA was executed on
30 October 31, 2006 and started delivering energy under the PPA in 2013.
31 The PPA price started at \$112.52/MWh in year 1 and escalates to

1 \$135.94/MWh throughout the term adjusted by TOD factors. SDG&E
2 exercised its curtailment rights during the record period. The solar PV
3 project size is 139 MW and is in Imperial Valley, CA.

- 4 ○ Cascade Solar: This twenty-year RAM PPA was executed on October
5 19, 2012. The plant started delivering energy under the PPA in 2013.
6 The PPA price started at \$64.81/MWh in year 1 and escalates to
7 \$103.61/MWh throughout the term, adjusted by TOD factors. The solar
8 PV project size is 18.5 MW and is in Sun Fair, CA.
- 9 ○ Catalina Solar: This twenty-five-year bilateral PPA was executed on
10 June 3, 2011 and started delivering energy under the PPA in 2013. The
11 PPA price started at \$112.19/MWh in year 1 and escalates to
12 \$142.45/MWh throughout the term adjusted by TOD factors. The solar
13 PV project size is 109.44 MW and is in Kern County, CA.
- 14 ○ Centinela Solar Energy 1 ("CSE 1"): This is a twenty-year bilateral PPA
15 executed on May 10, 2010 and started delivering energy under the PPA in
16 2014. The PPA price is \$125.00/MWh adjusted by TOD factors.
17 SDG&E exercised its curtailment rights during the record period. The
18 solar PV project size is 125 MW and is in Calexico, CA.
- 19 ○ Centinela Solar Energy 2 ("CSE -2"): This twenty-year bilateral PPA
20 was executed on July 29, 2010. This expansion plant started delivering
21 energy under the PPA in 2014. The PPA price is \$125.00/MWh adjusted
22 by TOD factors, after meeting full capacity deliverability status in 2020.
23 SDG&E exercised its curtailment rights during the record period. The
24 solar PV project size is 45 MW and is in Calexico, CA.
- 25 ○ CSolar IV South: This twenty-five-year bilateral PPA was executed on
26 November 10, 2010 and started delivering energy under the PPA in 2013.
27 The PPA price is \$125.85/MWh adjusted by TOD factors. SDG&E
28 exercised its economic curtailment rights during the record period. The
29 solar PV project size is 130 MW and is in Calexico, CA.
- 30 ○ CSolar IV West: This twenty-five-year bilateral PPA was executed on
31 March 8, 2011 and started delivering energy under the PPA in 2016. The
32 PPA price is \$95.50/MWh adjusted by TOD factors. An Interconnect

1 Adjustment Charge of \$4.00/MWh was added to the PPA price from the
2 date of first delivery of energy through the last day of the second contract
3 year and \$5.30/MWh thereafter until the end of the contract term.

4 SDG&E exercised its economic curtailment rights during the record
5 period. The solar PV project size is 150 MW and is in Imperial Valley,
6 CA.

7 ○ Desert Green Solar Farm: This twenty-five-year bilateral PPA was
8 executed on March 31, 2011 and started delivering energy under the PPA
9 in 2014. The PPA price is \$139.50/MWh. The solar PV project size is
10 6.3 MW and is in Borrego Springs, CA.

11 ○ Imperial Valley Solar 1 (Silver Ridge Mt Signal): This twenty-five-year
12 bilateral PPA was executed on February 3, 2012 and started delivering
13 energy under the PPA in 2013. The PPA price is \$98.59/MWh adjusted
14 by TOD factors. SDG&E exercised its curtailment rights during the
15 record period. The solar PV project size is 200 MW and is in Calexico,
16 CA.

17 ○ Maricopa West Solar PV: This fifteen-year RAM PPA was executed on
18 April 16, 2013 and started delivering energy under the PPA in 2015. The
19 RAM PPA price is \$55.00/MWh adjusted by TOD factors. The solar PV
20 project size is 20 MW and is in Taft, CA.

21 ○ Midway Solar Farm III ("Midway") (a.k.a. 97WI 8ME LLC): This
22 twenty-year RAM PPA was executed on December 11, 2015 and started
23 delivering energy under the PPA in 2018. The RAM PPA price is
24 \$52.98/MWh adjusted by TOD factors. SDG&E exercised its curtailment
25 rights during the record period. The solar plant size is 20 MW and is in
26 Calipatria, CA.

27 ○ NLP Granger A82 Solar: This twenty-year ReMat PPA was executed on
28 April 3, 2014 and started delivering energy under the PPA in 2016. The
29 solar PV PPA price is \$89.23/MWh adjusted by TOD factors. The solar
30 PV project size is 3 MW and is in Valley Center, CA.

31 ○ NLP Valley Center Solar: This twenty-year ReMat PPA was executed on
32 July 20, 2015 and started delivering energy under the PPA in 2016. The

1 PPA price is \$89.23/MWh adjusted by TOD factors. The solar PV
2 project size is 2.33 MW and is in Valley Center, CA.

- 3 ○ SG2 Imperial Valley: This twenty-five-year bilateral PPA was executed
4 on June 24, 2011 and started delivering energy under the PPA in 2014.
5 The PPA price started at \$90.93/MWh escalated to \$129.98/MWh
6 throughout the term adjusted by TOD factors. SDG&E exercised its
7 curtailment rights during the record period. There are three 50 MW solar
8 PV projects for a total project size of 150 MW, all located in the Imperial
9 Valley, CA. SDG&E exercised 100% of its RA purchased options for
10 year 2023.
- 11 ○ Sol Orchard San Diego 20 LLC (“Ramona 1”): This twenty-five-year
12 bilateral PPA was executed on April 11, 2011 and started delivering
13 energy under the PPA in 2013. The PPA price started at \$111.86/MWh
14 escalates to \$143.46/MWh throughout the term and adjusted by TOD
15 factors. The solar PV project size is 2 MW and is in Ramona, CA.
- 16 ○ Sol Orchard San Diego 21 LLC (“Ramona 2”): This twenty-five-year
17 bilateral PPA was executed on April 11, 2011 and started delivering
18 energy under the PPA in 2013. The PPA price started at \$111.86/MWh
19 and escalated to \$143.46/MWh and adjusted by TOD factors. The solar
20 PV project size is 5 MW and is in Ramona, CA.
- 21 ○ Sol Orchard San Diego 22 LLC (“Valley Center 1”): This twenty-five-
22 year bilateral PPA was executed on April 11, 2011 and started delivering
23 energy under the PPA in 2013. The PPA price started at \$111.86/MWh
24 escalates throughout the term to \$143.46/MWh and adjusted by TOD
25 factors. The solar PV project size is 2.5 MW and is in Valley Center, CA.
- 26 ○ Sol Orchard San Diego 23 LLC (“Valley Center 2”): This twenty-five-
27 year bilateral PPA was executed on April 11, 2011 and started delivering
28 energy under the PPA in 2013. The PPA price started at \$111.86/MWh
29 in Year 1 and escalates to \$143.46/MWh throughout the term adjusted by
30 TOD factors. The solar PV project size is 5.0 MW and is in Valley
31 Center, CA.

- 1 ○ Solar Borrego I (formerly NRG Solar Borrego I): This twenty-five-year
2 bilateral PPA was executed on January 25, 2011 and started delivering
3 energy under the PPA in 2013. The PPA price is \$130.00/MWh adjusted
4 by TOD factors. SDG&E exercised its economic curtailment rights
5 during the record period. The solar PV project size is 26 MW and is in
6 Borrego Springs, CA.
- 7 ○ TallBear Seville: This twenty-year RAM PPA was executed on
8 December 13, 2012. The project started delivering energy under the PPA
9 in 2015. The RAM PPA price is \$76.63/MWh adjusted by TOD factors.
10 SDG&E exercised its economic curtailments during the record period.
11 The solar PV project size is 20 MW and is in Imperial County, CA.
- 12 ○ Wister Solar (ORNI 33): This twenty-year Green Tariff PPA was
13 executed on April 19, 2018. The plant started delivering energy under the
14 PPA in July 2022. [REDACTED].
15 This solar PV project is 20 MW and is located in San Bernardino Base
16 and Meridian, in an unincorporated area of the county of Imperial, CA.

17 4. WIND

- 18 ○ Coram Energy, LLC: This fifteen-year bilateral PPA was executed on
19 July 12, 2010. The plant started delivering energy under the PPA in
20 2011. The PPA price started at \$95.00/MWh and escalates to
21 \$109.20/MWh through the term adjusted by TOD factors. The wind
22 project size is 7.5 MW and is in the Tehachapi area of CA. The contract
23 was billed \$85,758.13 by SDG&E for a Guaranteed Energy Production
24 shortfall from February to May of the record year.
- 25 ○ Energía Sierra Juárez: This twenty-year bilateral PPA with IEnova, a
26 Sempra affiliate, was executed on April 6, 2011 and started delivering
27 energy under the PPA in 2015. The PPA price is \$106.50/MWh adjusted
28 by TOD factors. SDG&E exercised its economic curtailment rights
29 during the record period. The wind project size is 155.1 MW and is in
30 Ejido Jacume, Mexico, and it is directly interconnected to SDG&E's East
31 County Substation.

- 1 ○ Energía Sierra Juárez 2 (“ESJ 2”): This twenty-year RAM PPA was
2 executed on November 16, 2017 with IEnova - a Sempra affiliate and was
3 submitted to the CPUC in AL-3151-E. The plant began commercial
4 operation on [REDACTED]
5 [REDACTED] SDG&E exercised its economic curtailment rights
6 during the record period. The project size is 105 MW and is located in
7 Ejido Jacume, Mexico and interconnected to SDG&E’s East County
8 Substation.
- 9 ○ Kumeyaay Wind LLC: This twenty-year bilateral PPA was executed on
10 May 31, 2004 and started delivering energy under the PPA in 2006. The
11 PPA price started at \$49.00/MWh and escalated to \$51.75/MWh in year
12 five and then levelized through the term. SDG&E and Kumeyaay have
13 been transacting ISTs under their Market Redesign and Technology
14 Update Agreement since April 2009. SDG&E exercised its economic
15 curtailment rights during the record period. The wind project size is 50
16 MWs and is located on the Campo Indian Reservation in eastern San
17 Diego County, CA.
- 18 ○ Manzana Wind (Avangrid Renewables): This twenty-year bilateral PPA
19 was executed on February 14, 2012 and started delivering energy under
20 the PPA in 2012. The PPA price is \$95.00/MWh minus the average real-
21 time market prices. SDG&E exercised its economic curtailment rights
22 during the record period. SDG&E purchases 53%, or 100 MW of the 189
23 MW wind project located in Rosamond, CA.
- 24 ○ Naturener Glacier 2: This fifteen-year bilateral PPA was executed on
25 May 23, 2008 and started delivering energy under the PPA in 2009. The
26 transaction is a combination of two products. SDG&E buys the output at
27 \$98.00/MWh which includes the green attributes. Glacier 2 buys back
28 the output at \$68.00/MWh, excluding green attributes, at the same
29 delivery point. The wind project size is 103.5 MW is in Ethridge,
30 Montana.
- 31 ○ Naturener Rim Rock: This twenty-year bilateral PPA was executed on
32 May 5, 2009 and started delivering energy under the PPA in 2013. The

1 transaction is a combination of two products. SDG&E buys the output at
2 \$105.99/MWh which includes the green attributes. Rim Rock buys back
3 the output at \$62.00/MWh, excluding green attributes, at the same
4 delivery point. The wind project size is 189 MW and is in Toole and
5 Glacier County, Montana.

- 6 ○ Alta Oak Realty LLC (formerly Oak Creek Wind Power, LLC): This ten-
7 year RAM PPA was executed on April 16, 2013 and started delivering
8 energy under the PPA in 2014. The PPA price is \$67.00/MWh adjusted
9 by TOD factors. The wind project size is 3.5 MW and is in Imperial
10 Valley, CA.
- 11 ○ Ocotillo Express, LLC: This twenty-year bilateral PPA was executed on
12 February 1, 2011. The project started delivering energy under the PPA in
13 2013. The PPA price is \$105.00/MWh. The wind project size is 265.29
14 MW and is in Imperial Valley, CA. SDG&E exercised its curtailment
15 rights during the record period. Ocotillo turbine T-105 collapsed on
16 9/16/2021, at which time the BLM required that Ocotillo temporarily
17 suspend the entire operations of the Project pending a root cause analysis
18 of the failure of a single tower and a return to service plan. Ocotillo filed
19 a Force Majeure claim based on this event. SDG&E has denied
20 Ocotillo's Force Majeure claim per PPA Section 1.1. 



- 26 ○ Pacific Wind Lessee, LLC: This twenty-year bilateral PPA was executed
27 on April 20, 2010. The plant started delivering energy under the PPA in
28 2012. The PPA price is \$115.47/MWh. SDG&E exercised its
29 curtailment rights in the record year. The wind project size is 140 MW
30 and is Rosamond, CA.

- 31 ○ San Gorgonio Westwinds II ("SGWII"): This ten-year RAM PPA was
32 executed on April 16, 2013. The wind plant started delivering energy

1 under the PPA in 2015. The PPA price is \$71.00/MWh adjusted by TOD
2 factors. The project size is 11.2 MW and is in Palm Springs, CA.

3 **5. Hybrid – Energy Storage/Solar PV**

- 4 ○ BCE Los Alamitos, LLC: This ten-year PPTA was executed on
5 December 23, 2020. The plant reached commercial operation November
6 12, 2023. [REDACTED]
7 [REDACTED] The Project is comprised of two (2) Project
8 Systems, each of which consists of a 10 MW solar generating facility and
9 a 5MW / 20 MWh battery energy storage system and is located in Los
10 Alamitos, CA.

11 **B. QF/CHP Projects**

12 **1. Renewable**

- 13 ○ San Francisco Peak Hydro Plant: This evergreen SO1 QF PPA was
14 executed on August 29, 1985. The small hydro plant started delivering
15 energy under the PPA effective in December 1985. The energy and
16 capacity prices are SRAC. The conduit hydro plant size is 0.4 MW and is
17 in Oceanside, CA.
- 18 ○ Badger Filtration Plant (Santa Fe Badger Irrigation District (SFID))
19 This six-year SO1 QF PPA was executed on October 7, 2019. The small
20 hydro plant started delivering energy under the PPA effective in July
21 2020; however, it only generates electricity if there is excess water
22 flowing through the plant. Seller is excused from meeting the minimum
23 generation requirement if the shortfall is due to lack of rainfall. The
24 energy and capacity prices are SRAC. The conduit hydro plant size is 0.6
25 MW and is in Rancho Santa Fe, CA.

26 **2. Conventional**

- 27 ○ C.P. Kelco: This seven-year non-dispatchable CHP PPA was executed
28 on November 19, 2015. The cogeneration plant started delivering energy
29 under the PPA on June 1, 2017. The energy and capacity prices are
30 SRAC. The converted cogeneration QF project size is 26.65 MW and is
31 in San Diego, CA.

- 1 ○ Goal Line, LLP: This seven-year dispatchable CHP PPA was executed
2 on July 2, 2013. The PPA is a restated QF SO2 PPA. The plant started
3 delivering energy under the CHP PPA in 2015. The firm capacity price is
4 \$172.00/kW-yr. plus dispatchable rights from \$23.40 - \$33.00/kW-yr.
5 over the PPA term. The variable O&M is \$5.63/MWh times a Consumer
6 Price Index Adjustment (“CPIA”). The converted cogeneration QF
7 project size is 49.9 MW and is in Escondido, CA.
- 8 ○ Grossmont Hospital: This ten-year non-dispatchable CHP PPA - less
9 than 5 MW PPA was executed on May 1, 2016. The plant started
10 delivering energy under the PPA in January 2017. The energy and
11 capacity prices are SRAC. The converted cogeneration QF project size is
12 4.6 MW and is in La Mesa, CA.
- 13 ○ Yuma Cogeneration Associates (“YCA”): This dispatchable CHP PPA
14 was executed on August 19, 2014. The plant started delivering energy
15 under the PPA in 2015. Under the CHP PPA, YCA acts as its own fuel
16 manager and purchases gas from Southwest Gas. The firm capacity price
17 was \$140/kW-yr. with a 17.65% bonus payment during the Summer Peak
18 period and a variable O&M rate of \$3.68/MWh times the CPIA. The
19 converted cogeneration QF project size is 55 MW and is in Yuma, AZ.

20 **C. Tolling Agreements–**

21 **1. Energy Storage Large Hydro Project (Pump Storage)**

- 22 ○ Olivenhain-Hodges Pump Storage Facility: This twenty-five-year
23 Bilateral PPA was executed on January 29, 2004 and started delivering
24 energy under the PPA in 2012. The capacity price is \$65.00/kW-year
25 plus a variable rate at \$5.00/kW-year times CPIA and the variable O&M
26 is \$2.00/MWh times the CPIA. The hydro pump storage facility is 40
27 MW and is in Escondido, CA. The San Diego County Water Authority
28 (“SDCWA”) project pumps water from Lake Hodges to the Olivenhain
29 Reservoir typically during off-peak hours consuming power, and then
30 generates power typically during on-peak hours by flowing water from
31 Olivenhain back to Lake Hodges. SDG&E utilizes the market price

1 spreads between on-peak and off-peak time periods. SDG&E manages
2 the economics through dispatching the generation and pump load. In
3 2022, SDCWA filed a Force Majeure claim due to a request by the City
4 of San Diego to complete emergency repairs on the dam between Lake
5 Hodges and the Olivenhain Reservoir. In 2023, SDCWA received an
6 updated notification from the Division of Safety of Dams that they would
7 be required to rebuild the entire dam before operating the plant again.

8 **2. Combined Cycle/Peaking (Natural Gas)**

9 During the record period, SDG&E had the following operational combined cycle and quick-
10 start gas turbine plants. SDG&E purchases the natural gas and pays the GHG costs.

- 11 ○ CECL: This twenty-year Power Purchase Tolling Agreement (“PPTA”) was executed on June 1, 2015. The plant began commercial operations
12 on December 12, 2018. The capacity price starts at \$191.54 and escalates
13 to \$231.40/kW-year throughout the term and the variable O&M price is
14 \$6.00/MWh times a CPIA. The gas turbine quick start plant has two
15 units – one unit consisting of four (4) GE LMS100 PA+ gas turbines and
16 the other unit consisting of one (1) GE LMS100 PA+ gas turbine. The
17 plant is approximately 527 MW and is in Carlsbad, CA.
- 18 ○ El Cajon Energy Center (ECEC): This twenty-five-year Power Purchase
19 & Tolling Agreement (“PPTA”) was executed on May 24, 2010 and
20 started commercial operations in 2010. The capacity price started at
21 \$105.10/kW-year plus \$37.50/kW-year times a CPIA and the variable
22 O&M price started at \$7.00/MWh times CPIA. The quick-start peaking
23 plant is approximately 47 MW and is in El Cajon, CA.
- 24 ○ EEC: This twenty-five-year PPTA was executed on February 25, 2011
25 and started commercial operations in 2014. The capacity price started at
26 \$106.50/kW-year plus \$43.50/kW-year times CPIA and the variable
27 O&M price started at \$7.00/MWh times a CPIA. The quick-start peaking
28 plant is approximately 47 MW and is in Escondido, CA.
- 29 ○ Orange Grove Energy Center (“OGEC”): This twenty-five-year PPTA
30 was executed on July 14, 2009 and started commercial operations in
31

1 2010. The capacity price is \$172.12/kW-year plus a base rent of
2 \$125,000 times a CPIA and the variable O&M price was \$5.01/MWh
3 times a CPIA. The two-gas turbine quick-start peaking plant is
4 approximately 99 MW and is in Pala, CA. OGEC leased its property for
5 the plant from SDG&E until the end of the PPTA which ends in 2035
6 after which the lease will expire and the title to the plant will transfer at
7 no cost to SDG&E. SDG&E may, at its option, request OGE to remove
8 the plant and return the property to SDG&E in its original condition.

- 9 ○ PPEC: This twenty-five-year PPTA plant was executed on February 2,
10 2011 and started commercial operations for SDG&E on June 1, 2017.
11 The capacity price is \$162.15/kW-year plus a fixed O&M price of
12 \$35.00/kW-year and the variable O&M price was \$4.25/MWh times a
13 CPIA. The quick-start peaking plant is comprised of three GE LMS100
14 PA+ gas turbines with a total capacity of approximately 336 MW and is
15 in Otay Mesa, San Diego, near the United States/Mexico International
16 Border.

17 **D. -Battery Energy Storage Systems (BESS)**

- 18 ○ Johanna Energy Center, LLC: This ten-year PPTA was executed on
19 November 18, 2020. The plant reached commercial operation in July
20 2022. [REDACTED]
21 [REDACTED]
22 [REDACTED]. The battery storage facility is
23 20 MW/80 MWh and is in Santa Ana, CA.
- 24 ○ Valley Center Storage II, LLC: This fifteen-year PPTA was executed on
25 August 31, 2020. The plant began commercial operation on November
26 29, 2021. [REDACTED]
27 [REDACTED] pursuant to Dispatch Notices. The battery storage facility
28 is 54 MW/216 MWh and is in Valley Center, CA.
- 29 ○ Sagebrush Storage I, LLC: This ten-year PPTA was executed on October
30 6, 2021. The project reached commercial operation on May 23, 2023. [REDACTED]
31 [REDACTED]

1 [REDACTED] The project is 80MW / 320 MWh battery
2 energy storage located in Kern County, CA.

3 **E. Market Purchases**

4 During the record period, SDG&E did not have any firm market Edison Electric Institute
5 (“EEI”) PPAs:

6 **F. Resource Adequacy**

7 During the record period, SDG&E had 16 long-term RA contracts in operation and one
8 contract executed, but not yet operational. Please refer to the table in Attachment 1 for additional
9 details.

10 **G. Bundled Energy & REC Sales**

11 During the record period, SDG&E delivered energy plus green attributes pursuant to two
12 Edison Electric institute (“EEI”) Confirmations and one WSPP Confirmation:

- 13 ○ Clean Energy Alliance (EEI): This ten-year Confirmation was executed
14 on December 20, 2021. [REDACTED]

15 [REDACTED]

- 22 ○ San Diego Community Power (EEI): This twelve-year Confirmation was
23 executed on December 20, 2021. [REDACTED]

24 [REDACTED]

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11

- San Diego Community Power (WSPP): This two-year confirmation was executed July 19, 2022. The delivery period is January 1, 2023 through December 31, 2025. The product is firm delivery of all Category 1 bundled electric energy and associated Green Attributes from Honeylake Power. [REDACTED]
[REDACTED]
[REDACTED] Additionally, pursuant to D. 21-05-030, during the record year SDG&E executed 5 new contracts and managed a total of 20 contracts under Voluntary Allocation and Market Offer (“VAMO”) for RPS. . The table below provides additional information about these contracts.

<u>Contracts Administered</u> <u>Project Names</u>	<u>Execution</u> <u>Date</u>	<u>Year</u> <u>Executed</u> <u>& PCIA</u> <u>Vintage</u>	<u>Contract</u> <u>Start Date</u>	<u>Contract</u> <u>End Date</u>	<u>Delivery</u> <u>Period</u> <u>(Years)</u>
Orange County Power Authority - L/T Bundled	7/28/2022	2022			
Orange County Power Authority -S/T Bundled	7/28/2022	2022			
Orange County Power Authority - L/T Unbundled	7/28/2022	2022			
Orange County Power Authority -S/T Unbundled	7/28/2022	2022			
Commercial Energy of Montana - L/T Bundled	7/29/2022	2022			
Commercial Energy of Montana - S/T Bundled	7/29/2022	2022			
Commercial Energy of Montana - L/T Unbundled	7/29/2022	2022			
Commercial Energy of Montana - S/T Unbundled	7/29/2022	2022			
Direct Energy Business Marketing, LLC - L/T Bundled	7/28/2022	2022			
Direct Energy Business Marketing, LLC - S/T Bundled	7/28/2022	2022			
Direct Energy Business Marketing, LLC - L/T unbundled	7/28/2022	2022			
Direct Energy Business Marketing, LLC - S/T Unbundled	7/28/2022	2022			
Shell Energy North America (US) - L/T bundled	8/5/2022	2022			
Shell Energy North America (US) - L/T unbundled	8/5/2022	2022			
Clean Power Alliance of Southern California S/T (bundled RECs)	3/8/2023	2023			
BP Energy Company (unbundled Naturener RECs only)	3/31/2023	2023			
San Diego Community Power ("SDCP") - L/T VA Unbundled (Rim Rock volumes only)	4/18/2023	2023			
San Diego Community Power ("SDCP") - S/T Market Offer (from LT portfolio)	6/26/2023	2023			
San Diego Community Power ("SDCP") - L/T Market Offer (from LT portfolio)	6/30/2023	2023			

1 **H. Pre-Commercial Contracts**

2 During the record period, SDG&E managed the following pre-commercial PPAs.

3 **1. Energy Storage**

4 ○ *Bottleneck Energy Storage*: This fifteen-year PPTA was executed
5 November 30, 2022. The plant is expected to reach commercial operation
6 in [REDACTED]

7 [REDACTED]
8 [REDACTED] The project is 80MW / 320 MWh battery
9 energy storage in Tulare County, CA. [REDACTED]

10 [REDACTED]
11 ○ *Cald Energy Storage*: This twelve-year PPTA was executed September
12 29, 2022. The plant is expected to reach commercial operation in [REDACTED]

13 [REDACTED]
14 [REDACTED]
15 [REDACTED] The
16 project is 100MW / 400 MWh battery energy storage in Los Angeles
17 County, CA. [REDACTED]

18 ○ *Nova Power Bank Storage*: This fifteen-year PPTA was executed April
19 12, 2023. This project consists of 60 MW battery energy storage, located
20 in Riverside County, California and is expected to reach commercial
21 operation in April 2026. [REDACTED]

22 ○ *EDSAN IB GROUP 2, LLC*: This fifteen-year PPTA was executed
23 December 11, 2023. This project consists of 47 MW battery energy
24 storage, located in Kern County, California and is expected to reach
25 commercial operation in June 2024. [REDACTED]

26 **2. QF**

27 ○ *Empire II Starlight*: This twelve-year PPTA was executed November 18,
28 2022. The plant is expected to reach commercial operation [REDACTED].

29 [REDACTED]
30 [REDACTED] The project consists of a 20
31 MW solar generating facility and a 17.4MWh / 69.6 MWh energy storage

1 system in Boulevard, CA. [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 **3. Hybrid (Solar/Battery)**

- 5 ○ *Yellowpine Solar III*: This fifteen-year PPTA was executed January 24,
- 6 2023. The hybrid solar/battery energy storage project consists of 50MW
- 7 of battery capacity and 65 MW of solar, located in Clark County, Nevada.

8 [REDACTED]

9 The project is expected to reach commercial operation in June 2024.

- 10 ○ *Luna Valley Solar*: This fifteen-year PPTA was executed April 11, 2023
- 11 and forms a contractual hybrid solar/battery energy storage project with
- 12 Daggett Storage. Luna Valley consists of 113.5 MW solar photovoltaic
- 13 located in Fresno County, California. [REDACTED]

14 The project is expected to reach commercial operation in June 2025.

- 15 ○ *Daggett Storage*: This fifteen-year PPTA was executed April 11, 2023
- 16 and forms a contractual hybrid solar/battery energy storage project with
- 17 Luna Valley Solar. Daggett Storage consists of 113.5 MW battery energy
- 18 storage located in San Bernardino County, California. The project is
- 19 expected to reach commercial operation in June 2025. On October 13,
- 20 2023, SDG&E executed an amendment to the agreement, [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 **I. Expired and Terminated PPAs**

25 During the record period, the following projects were part of SDG&E's portfolio and may or

26 may not have operated during the record period. The PPAs either expired or were terminated:

- 27 ○ *MM San Diego ("Miramar")*: This ten-year RAM PPA was executed on
- 28 November 9, 2012 and started delivering energy under the PPA in 2013.
- 29 The PPA price is \$87.00/MWh adjusted by TOD factors. The landfill gas
- 30 project size is 4.5 MW and is in San Diego, CA.

- Naturener Glacier 1: This fifteen-year bilateral PPA was executed on May 16, 2008 and started delivering energy under the PPA in 2008. The transaction is a combination of two products. SDG&E buys the output at \$89.00/MWh which includes the green attributes. Glacier 1 buys back the output at \$68.00/MWh, excluding green attributes, at the same delivery point. The wind project size is 106.5 MW and is in Ethridge, Montana.

VII. CONCLUSION

Based on the foregoing, SDG&E's recorded contract expenses to the ERRRA are in conformance with the Public Utilities Code, Commission decisions, and the contract terms for the 2023 record period. SDG&E respectfully requests that the Commission find that SDG&E's contract administration and power procurement-related activities and costs for the record period were reasonable and therefore should be approved.

This concludes my prepared direct testimony.

1 **VIII. QUALIFICATIONS**

2 My name is Matt Richardson. My business address is 8315 Century Park Court, San Diego,
3 CA 92123. I am employed by SDG&E as a Senior Energy Administrator in the Electric & Fuel
4 Procurement Department. My present duties include managing the administration of Renewable
5 agreements, Tolling agreements, and many odd jobs within the group. I have been employed by
6 SDG&E since 2009. I have been in my current position since March 2023. Prior to my current
7 role, I have been employed in other positions in the Procurement Department as well as the Asset
8 Accounting Department.

9 I graduated from California State University at San Marcos with a Bachelor of Science in
10 Accounting.

INDEX OF EXHIBITS & ATTACHMENTS

EXHIBIT A: E&FP Organizational Chart

EXHIBIT B: Pro-Forma Agreements

EXHIBIT C: SDG&E Direct Testimony of Kendall K. Helm (Electric and Fuel Procurement) (October 2017) in the 2019 GRC proceeding (A.17-10-007)

ATTACHMENT 1 - **CONFIDENTIAL**:

- a) Tab “Summary”
- b) Tab “Electric Contracts”:
 1. Contract Class & Project Name: Contracts that were in effect and their delivery amounts during the record period.
 2. Contract Terms: Contracts for the procurement of electric power, energy, or ancillary services in effect or under negotiation, initiation, revision, amendment, or termination.
 3. Payment Terms: Energy and capacity payment terms.
 4. New Contracts: New electric power, energy or ancillary services service contracts executed during the record period.
 5. Summary of Contract Modifications, Letter Agreements and Amendments filed in an AL or Application: Electric power, energy, or ancillary services amendments, modifications and/or letters agreements executed during the record period.
 6. Amendments & Modifications for Review in the ERRA Application: Amendments, modifications, renegotiations, and/or letter agreements executed during the record period that are being submitted for review through the ERRA application.
 7. Terminated Contracts: Summary of all its contracts which expired or terminated during the record period, and their relevant termination information.

- c) Tab GAS CONTRACTS - Contracts for the procurement of fuel services in effect or under negotiation, initiation, revision, amendment, or termination.
- d) Tab QF CONTRACTS – Monthly payments to QFs that sold energy to SDG&E during the record period.

ATTACHMENT 2 – CONFIDENTIALITY DECLARATION OF MATT RICHARDSON

EXHIBIT A

E&FP ORGANIZATIONAL CHART

Vice President - Energy & Fuel Procurement

Executive Asst

Mgr - Settlements & Systems

Dir - Orgntn, Energy Supply & Dispatch

Validation & Analysis Mgr

Contract & Svs Mgr

Prin Settlement Advr

Gen & Supply Proj Management

Engy Sply & Disp

Origntn Analytics Mgr

Engy Origntn Mgr

Integrated Resource Planning Mgr

Prin Accountant

Prin Accountant - S

Prin Accountant - S

Asoc Accountant - R

Sr Engy Admtr

Sr Engy Sys Integrator

E&FP Pol & Strgy Mgr

E&FP Pol & Strgy Mgr

Prin Engy Admtr

Mkt Anlys Mgr

Elect & Fuels Trading Mgr

Mkt Ops Mgr

Prin Resrc Planner

Prin Origntn Analyst

Mkt & Pol Anlys Mgr

Prin Accountant

Sr. Engy Admtr

Sr. Engy Admtr

Sr. Engy Admtr

Sr. Engy Admtr

Assoc Engy Admtr

Elect Fuels Trading Supv

Transactn Schedlg Supv

Sr Resrc Planner

Prin Origntn Analyst

Engy Pol Advr

Energy Supply Policy Mgr

Sr Engy Pol Advr

Sr Accountant - II

Sr Accountant - II

Elect Fuels Trader

Elect Fuels Trader

Sr Transactn Scheduler

Transactn Scheduler

Transactn Scheduler

Transactn Scheduler

Sr Resrc Planner

Sr Resrc Planner

Sr Engy Pol Advr

Engy Pol Advr

Organizational Chart - E&FP, as of 3/20/2024

EXHIBIT B

PRO-FORMA AGREEMENTS



**DAC-GT / CSGT / GTSR / ECR
POWER PURCHASE AGREEMENT**

[Form of PPA for DAC-GT/CSGT/GTSR/ECR]

**[DAC-GT/CSGT/GTSR/ECR]
POWER PURCHASE AGREEMENT**

Between

SAN DIEGO GAS & ELECTRIC COMPANY
(as "Buyer")

and

(as "Seller")

DAC-GT/CSGT/GTSR/ECR POWER PURCHASE AGREEMENT

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COVER SHEET

This [DAC-GT/CSGT/GTSR/ECR] Power Purchase Agreement is made as of the following date: [_____]. This [DAC-GT/CSGT/GTSR/ECR] Power Purchase Agreement and all exhibits, schedules, appendices, and any written supplements hereto, any designated collateral, credit support or margin agreement or similar arrangement between the Parties as well as all written and signed amendments and modifications thereto shall be a part of, and shall be referred to as, the "Agreement." The Parties to this Agreement (hereinafter individually a "Party" and collectively the "Parties") are the following:

Name: _____ ("Seller")

All Notices:

Street: _____
City: _____ Zip: _____
Attn: Contract Administration
Phone: _____
Facsimile: _____
Duns: _____
Federal Tax ID Number: _____

Invoices:

Attn: _____
Phone: _____
Facsimile: _____

Scheduling:

Attn: _____
Phone: _____
Facsimile: _____

Payments:

Attn: _____
Phone: _____
Facsimile: _____

Wire Transfer:

BNK: _____
ABA: _____
ACCT: _____
Confirmation: _____
FAX: _____

Credit and Collections:

Name: San Diego Gas & Electric Company ("Buyer")

All Notices:

Street: 8315 Century Park Court
City: San Diego, CA Zip: 92123
Attn: Electric & Fuel Procurement - Contract Administration
Phone: (858) 636-5536
Facsimile: (858) 650-6190
Duns: 006911457
Federal Tax ID Number: 95-1184800

Invoices:

San Diego Gas & Electric Company
8315 Century Park Ct.
San Diego, California 92123-1593
Attn: Electric & Fuel Procurement – Invoicing and Reporting
Phone: (858) 650-6187
Facsimile: (858) 650-6190

Scheduling:

San Diego Gas & Electric Company
8315 Century Park Ct.
San Diego, California 92123-1593
Attn: Transaction Scheduling Manager
Phone: (858) 650-6160
Facsimile: (858) 650-6191

Payments:

San Diego Gas & Electric Company
PO Box 25110
Santa Ana, CA 92799-5110
Attn: Mail Payments
Phone: (619) 696-4521
Facsimile: (619) 696-4899

Wire Transfer:

BNK: Union Bank of California
for: San Diego Gas & Electric Company
ABA: Routing # 122000496
ACCT: #4430000352
Confirmation: SDG&E, Major Markets
FAX:(213) 244-8316

Credit and Collections:

San Diego Gas & Electric Company, Major Markets
555 W. Fifth Street, ML 18A3

Attn: _____
Phone: _____
Facsimile: _____

With additional Notices of an Event of Default or
Potential Event of Default to:

Attn: _____
Phone: _____
Facsimile: _____

Los Angeles, CA 90013-1011
Attn.: Major Markets, Credit and Collections
Manager
Fax No.: (213) 244-8316
Phone: (213) 244-4343

With additional Notices of an Event of Default or
Potential Event of Default to:

San Diego Gas & Electric Company
8330 Century Park Ct.
San Diego, California 92123
Attn: General Counsel
Phone: (858) 650-6141
Facsimile: (858) 650-6106

GENERAL TERMS AND CONDITIONS

ARTICLE ONE: GENERAL DEFINITIONS

1.1 General. The following terms shall have the following meaning for purposes of this Agreement.

“JAMS” means JAMS, Inc.

“Affiliate” means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, “control” means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

“Agreement” has the meaning set forth in the preamble to the Cover Sheet.

“Arbitration” has the meaning set forth in Section 12.3.

[For As-Available Product only: “As-Available” means a Product for which, subject to the terms of this Agreement, Seller is excused from selling and delivering the Product to Buyer, and Seller shall not be liable to Buyer for any damages determined pursuant to Section 3.1(h) of the Agreement, in the event that Seller fails to deliver the Product to Buyer for any of the following reasons:

- (a) if the Project is unavailable as a result of a Forced Outage and such Forced Outage is not the result of Seller’s negligence or willful misconduct;
- (b) Force Majeure;
- (c) by the Buyer’s failure to perform;
- (d) by a Planned Outage of the Project;
- (e) a reduction in output as ordered under Dispatch Down Periods; or
- (f) [the unavailability of landfill gas which was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided.] OR [insufficient wind power for the Project to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Project’s technical specifications.] OR [the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the

Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.] OR [insufficient solar power for the Project to generate energy as determined by the best solar standards utilized by other solar producers or purchasers in the vicinity of the Project.]

“Availability Incentive Payments” shall mean Availability Incentive Payments as defined in FERC filing ER09-1064 or such other similar term as modified and approved by FERC thereafter to be incorporated in the CAISO Tariff or otherwise applicable to CAISO.

“Availability Standards” shall mean Availability Standards as defined in FERC filing ER09-1064 or such other similar term as modified and approved by FERC thereafter to be incorporated in the CAISO Tariff or otherwise applicable to CAISO.

“Bankrupt” means with respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of sixty (60) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (f) is generally unable to pay its debts as they fall due.

“Bundled Green Energy” means Energy, Green Attributes, and any other Product, the quantity of which is measured based on the amount of Delivered Energy, in each case, that are produced by or associated with the Project. The quantity of Bundled Green Energy shall be equal to the lesser of the quantity of (i) ***[When Seller is SC for the Project or when Buyer is SC but Project is not in the VER Forecasting Program: Contract Energy] [When SDG&E is SC for the Project and Project is in the VER Forecasting Program: Delivered Energy]*** (ii) Green Attributes that are delivered to Buyer, and (iii) any other Product that is delivered to Buyer, the quantity of which is measured based on the amount of Delivered Energy. For example, if the quantity of Renewable Energy Credits that are delivered to Buyer is less than the quantity of the ***[When Seller is SC for the Project or when Buyer is SC but Project is not in the VER Forecasting Program: Contract Energy] [When SDG&E is SC for the Project and Project is in the VER Forecasting Program: Delivered Energy]***, then the quantity of Bundled Green Energy shall be equal to the quantity of Renewable Energy Credits that are delivered to Buyer.

“Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday and shall be between the hours of 8:00 a.m. and 5:00 p.m. local time for the relevant Party’s principal place of business where the relevant Party, in each instance unless otherwise specified, shall be the Party from whom the Notice, payment or delivery is being sent and by whom the Notice or payment or delivery is to be received.

“Buyer” has the meaning set forth on the Cover Sheet.

“CAISO” means the California Independent System Operator Corporation or any successor entity performing similar functions.

[When SDG&E is the SC for the Project: “CAISO Charges Invoice” has the meaning set forth in Section 3.3([a/b])(iv).]

“CAISO Grid” means the system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the CAISO’s operational control.

“CAISO Tariff” means the CAISO Operating Agreement and Tariff, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

“California Renewables Portfolio Standard” means the Renewables Portfolio Standard of California under California Senate Bills 1078 and 107, as codified in California Public Utilities Code Sections 387, 390.1, and Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1, as such provisions are amended or supplemented from time to time.

[For FCDS bids and for Projects located outside of the CAISO insert: “Capacity Attributes” means any current or future defined characteristic, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Project intended to value any aspect of the capacity of the Project to produce Energy or ancillary services, including but not limited to any accounting construct so that the Contract Capacity of the Project may be counted toward a Resource Adequacy obligation or similar measure in respect to the capacity of the Project to generate Energy by the CPUC, the CAISO, the FERC, or any other entity vested with the authority under federal or state Law, to require Buyer to procure, or to procure at Buyer’s expense, Resource Adequacy or other similar products.]

“CEC” means the California Energy Commission or its successor agency.

“CEC Certification and Verification” means that the CEC has certified (or, with respect to periods before the Project has been constructed, that the CEC has pre-certified) that the Project is an ERR for purposes of the California Renewables Portfolio Standard and that all Energy produced by the Project qualifies as generation from an ERR for purposes of the Agreement.

“Claims” has the meaning set forth in Section 11.2(a).

“Commercial Operation” means that (a) the Project is operating and able to produce and deliver the Product to Buyer pursuant to the terms of this Agreement; (b) Seller shall have satisfied the requirements set forth in the Commercial Operation Certificate in the form attached as Exhibit D; (c) Seller shall have delivered a true, correct, and complete Commercial Operation Certificate from Seller, the Renewable Generation Equipment Supplier, the EPC Contractor, and a Licensed Professional Engineer; (d) Seller shall have delivered to Buyer the Delivery Term Security required under Article 8; (e) Seller has received all local, state and federal Governmental Approvals and other approvals as may be required by Law for the construction, operation and maintenance of the Project, including approvals, if any, required under the California Environmental Quality Act for the Project and related interconnection facilities

“Commercial Operation Date” means the date on which Seller achieves Commercial Operation for the Project.

“Conditions Precedent” has the meaning set forth in Section 2.3.

“Construction Period Security” shall mean the Performance Assurance that Seller is required to maintain during the period and as otherwise specified in Section 8.4(a)[(ii)/(iii)] to secure performance of its obligations hereunder.

“Contract Capacity” has the meaning set forth in Section 3.1(f).

[When Seller is SC for the Project or when Buyer is SC but Project is not in the VER Forecasting Program: “Contract Energy” means the lower of Delivered Energy or Scheduled Energy for any given period in each case net of all Electrical Losses.]

“Contract Quantity” has the meaning set forth in Section 3.1(e).

“Contract Year” means a period of twelve (12) consecutive months (except in the case of the first Contract Year which may be longer) with the first Contract Year commencing on the Commercial Operation Date and each subsequent Contract Year commencing on the anniversary of the first day of the month following the Commercial Operation Date.

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with such Terminated Transaction.

“Cover Sheet” means the document that precedes Article 1: General Definitions to this Agreement.

“CP Satisfaction Date” shall mean the date on which all of the Conditions Precedent have been satisfied (or waived in writing by the Party described in Section 2.4).

“CPUC” or “Commission or successor entity” means the California Public Utilities Commission, or successor entity.

“CPUC Approval” means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which contains the following terms:

(a) approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer’s administration of the Agreement; and

(b) finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer’s compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the

California Renewables Portfolio Standard (Public Utilities Code Section 399.11 *et seq.*), Decision 03-06-071, or other applicable Law.

CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

“CPUC Approval Date” shall mean the date on which the Conditions Precedent set forth in Section 2.3(a) have been satisfied (or waived in writing by the beneficiary Party described in Section 2.4).

“CPUC Approval Security” shall mean the Performance Assurance that Seller is required to maintain during the period and as otherwise specified in Section 8.4(a)(i) to secure performance of its obligations hereunder.]

“Credit Rating” means, with respect to any entity, the rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P or Moody’s.

“Day-Ahead Forecast” has the meaning set forth in Section 3.3([d/e]).

[For As-Available and Baseload Products only: “Deemed Bundled Green Energy” means the amount of Bundled Green Energy that Seller could reasonably have delivered to Buyer but was prevented from delivering to Buyer by reason of Economic Dispatch Down. The quantity of Deemed Bundled Green Energy shall be equal to **[For As-Available Products:** (a) the Deemed Delivery Forecast of Energy corresponding to the applicable Economic Dispatch Down periods, whether or not Seller is participating in the VER Forecasting Program during such events, less the amount of Energy scheduled under Economic Dispatch Down as specified in the Dispatch Notice during such periods, and less any amount of Energy that was not delivered associated with any concurrent Planned Outage, Forced Outage, Force Majeure, System Dispatch Down, and/or CAISO fault but only to the extent the Deemed Delivery Forecast does not already reflect the foregoing *provided that*, if the applicable amount calculated pursuant to this clause (a) is negative, the Deemed Bundled Green Energy shall be zero (0), or (b) if there is no such Deemed Delivery Forecast available during the applicable Economic Dispatch Down periods or if the Bundled Green Energy amount has historically not been determined based on clause (i) of the definition of Bundled Green Energy, the amount of Bundled Green Energy that Seller could reasonably have delivered to Buyer but was prevented from delivering to Buyer as a result of Economic Dispatch Down as determined by Buyer in a commercially reasonable manner, which amount shall not include any amount of Energy that was not delivered associated with any concurrent Planned Outage, Forced Outage, Force Majeure, System Dispatch Down, and/or CAISO fault.] **[For Baseload Products:** the amount of Bundled Green Energy that Seller could reasonably have delivered to Buyer but was prevented from delivering to Buyer during the applicable Economic Dispatch Down periods, as determined by Buyer in a commercially reasonable manner, which amount shall not include any amount of Energy that was not delivered associated with any concurrent Planned Outage, Forced Outage, Force Majeure, System Dispatch Down, and/or CAISO fault.]]

[For As-Available only: “Deemed Delivery Forecast” means the forecast of the Energy to be produced by the Project prepared by the CAISO or its agent in accordance with the VER Forecasting Program and communicated to the Scheduling Coordinator, which forecast is the last such forecast prepared by the CAISO that does not reflect curtailed production as a result of Economic Dispatch Down periods. As of the Execution Date, such Deemed Delivery Forecast is the CAISO forecast generated through its Resource Specific VER Forecast Usage Report

“Defaulting Party” means the Party that is subject to an Event of Default.

“Default Rate” means for any date, the lesser of (a) the per annum rate of interest equal to the prime lending rate as may from time to time be published in *The Wall Street Journal* under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%) and (b) the maximum rate permitted by applicable Law.

“Deliverability Value” means the amount stated in Section 4.1(c).

“Delivered Energy” means all Energy produced from the Project and delivered to Buyer at the Delivery Point as measured in MWh at the CAISO revenue meter of the Project based on a power factor of precisely one (1) and net of all Electrical Losses.

“Delivery Point” means the point at which Buyer receives Seller’s Product, as set forth in Section 3.1(d).

“Delivery Term” has the meaning set forth in Section 3.1(c).

“Delivery Term Security” shall mean the Performance Assurance that Seller is required to maintain during the period and as otherwise specified in Section 8.4(a)[(iii)/(iv)] to secure performance of its obligations hereunder.

“Development Period Security” shall mean the Performance Assurance that Seller is required to maintain during the period and as otherwise specified in Section 8.4(a)[(i)/(ii)] to secure performance of its obligations hereunder.

“Disclosing Party” has the meaning set forth in Section 13.1(a).

“Disclosure Order” has the meaning set forth in Section 13.1(a).

“Dispatch Down Period” means the period of curtailment of delivery of Product from the Project resulting from System Dispatch Down or Economic Dispatch Down.

“Dispatch Notice” means the operating instruction, and any subsequent updates given either by Buyer to Seller or by the CAISO to Seller, directing Seller to operate the Project at a specified megawatt output for the period of time set forth in such order.

“Distribution Upgrades” has the meaning set forth in the CAISO Tariff.

“DUNS” means the Data Universal Numbering System, which is a unique nine character identification number provided by Dun and Bradstreet.

[For Projects located outside of the CAISO: “Dynamic Scheduling Agreement” means the agreement between the CAISO and Buyer or Seller, as Scheduling Coordinator (as applicable), with respect to the duties and responsibilities of the Scheduling Coordinator with respect to facilities located outside the CAISO balancing area and whose product is dynamically transferred via a pseudo-tie to the CAISO, in form and substance reasonably acceptable to the parties thereto.]

“Early Termination Date” has the meaning set forth in Section 5.2.

“Economic Dispatch Down” means curtailment of delivery of Product from the Project that is the result of economic curtailment where Buyer (as the Scheduling Coordinator) or a third party Scheduling Coordinator (in accordance with Buyer’s directions) either submits a self-schedule with a binding Product quantity or an economic bid in the applicable CAISO market or fails to submit any such schedule or bid, in either case, that when implemented by the CAISO results in an otherwise available Product quantity not being scheduled or awarded in such CAISO market and such curtailment is not concurrently the result of a Planned Outage, Forced Outage, Force Majeure, System Dispatch Down, and/or CAISO fault.

“Electrical Losses” means all electrical losses associated with the transmission of Product to the Delivery Point, including if applicable, but not limited to, any transmission or transformation losses between the CAISO revenue meter and the Delivery Point.

“Electrical Interconnection Upgrades” means the facilities to which Seller shall be able to interconnect and deliver Energy from the Project to and at the Delivery Point and Buyer shall be able to transmit Energy from the Delivery Point and the facilities that protect the Participating Transmission Owner’s, Transmission Provider’s, distribution operator’s, ***[For Projects located outside of the CAISO:*** Native Balancing Authority’s,] or other affected system owner’s, as applicable, electric system (or other systems to which such electric systems are connected, including the CAISO Grid) and the Participating Transmission Owner’s, Transmission Provider’s, distribution operator’s, ***[For Projects located outside of the CAISO:*** Native Balancing Authority’s,] or other affected system owner’s, as applicable, customers from faults occurring at the Project, including, but not limited to, all network, distribution, connection, transformation, switching, metering, communications, control, and safety equipment, as such equipment may be required pursuant to Good Industry Practices or in accordance with the Participating Transmission Owner’s, Transmission Provider’s, distribution operator’s, ***[For Projects located outside of the CAISO:*** Native Balancing Authority’s,] or other affected system owner’s, as applicable, facility connection requirements. Such Electrical Interconnection Upgrades include all Network Upgrades, Distribution Upgrades, Interconnection Facilities, and other network upgrades, distribution upgrades, or interconnection facilities on ***[For Projects located outside of the CAISO:*** the Native Balancing Authority’s, or] any other affected system owner’s electrical system that are determined to be necessary by the CAISO, Participating Transmission Owner, ***[For Projects located outside of the CAISO:*** Native Balancing Authority,] other affected system owner, as applicable, to physically and electrically interconnect the Project to ***[For Projects located outside of the CAISO:*** the Native Balancing Authority’s system and] the Participating Transmission Owner’s electric system so as to allow Seller to deliver Energy from the Project to the Delivery Point and Buyer to be able to transmit Energy from the Delivery Point.

“Eligible Renewable Energy Resource” or “ERR” has the meaning set forth in California Public Utilities Code Section 399.11, *et seq.*, as amended or supplemented from time to time.

“Energy” means electric energy measured in MWh and net of Station Service (unless otherwise specified).

“Energy Price” has the meaning set forth in Section 4.[1/2](a).

“EPC Contract” means the Seller’s engineering, procurement and construction contract with the EPC Contractor.

“EPC Contractor” means an engineering, procurement, and construction contractor, selected by Seller, with substantial experience in the engineering, procurement, and construction of power plants of the same type of facility as Seller’s.

“Equitable Defenses” means any bankruptcy, insolvency, reorganization or other Laws affecting creditors’ rights generally and, with regard to equitable remedies, the discretion of the court before which proceedings may be pending to obtain same.

“Event of Default” has the meaning set forth in Section 5.1.

“Execution Date” means the date hereof as set forth in the preamble of the Cover Sheet.

“Executive(s)” has the meaning set forth in Section 12.2(a).

“FCDS” has the meaning set forth in Section 4.1(c).

“FERC” means the Federal Energy Regulatory Commission or any successor government agency.

“Force Majeure” means any event or circumstance which wholly or partly prevents or delays the performance of any material obligation arising under this Agreement but only to the extent (1) such event is not within the reasonable control, directly or indirectly, of the Party seeking to have its performance obligation(s) excused thereby, (2) the Party seeking to have its performance obligation(s) excused thereby has taken all reasonable precautions and measures in order to prevent or avoid such event or mitigate the effect of such event on such Party’s ability to perform its obligations under this Agreement and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which by the exercise of due diligence it has been unable to overcome, and (3) such event is not the direct or indirect result of the fault or negligence of the Party seeking to have its performance obligations excused thereby.

(a) Subject to the foregoing, events that could qualify as Force Majeure include, but are not limited to the following:

(i) acts of God, flooding, lightning, landslide, earthquake, fire, drought, explosion, epidemic, quarantine, storm, hurricane, tornado, volcano, other natural disaster or unusual or extreme adverse weather-related events;

(ii) war (declared or undeclared), riot or similar civil disturbance, acts of the public enemy (including acts of terrorism), sabotage, blockade, insurrection, revolution, expropriation or confiscation; or

(iii) except as set forth in subpart (b)(vii) below, strikes, work stoppage or other labor disputes (in which case the affected Party shall have no obligation to settle the strike or labor dispute on terms it deems unreasonable).

(b) Force Majeure shall not be based on:

(i) Buyer's inability economically to use or resell the Product purchased hereunder;

(ii) Seller's ability to sell the Product at a price greater than the price set forth in this Agreement;

(iii) Seller's inability to obtain Governmental Approvals or other approvals of any type for the construction, operation, or maintenance of the Project;

(iv) a lack of wind, sun or other fuel source of an inherently intermittent nature;

(v) Seller's inability to obtain sufficient labor, equipment, materials, or other resources to build or operate the Project, except to the extent Seller's inability to obtain sufficient labor, equipment, materials, or other resources is caused by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iii) above;

(vi) Seller's failure to obtain financing or other funds, including funds authorized by a state or the federal government or agencies thereof to supplement the payments made by Buyer pursuant to this Agreement;

(vii) a strike, work stoppage or labor dispute limited only to any one or more of Seller, Seller's Affiliates, the EPC Contractor or subcontractors thereof or any other third party employed by Seller to work on the Project; or

(viii) any equipment failure except if such equipment failure is caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iii) above.

"Forced Outage" means any unplanned reduction or suspension of production of Product from the Project or unavailability of the Project in whole or in part that is not a Planned Outage or a willful withholding of Product when the Project is otherwise capable of delivering Product under Good Industry Practices.

"GAAP" has the meaning set forth in Section 13.4.

"Gains" means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement

for the remaining Delivery Term, determined in a commercially reasonable manner, subject to Section 5.2 hereof. Factors used in determining economic benefit may include, without limitation, 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 market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining term of this Agreement and include the value, if any, of Capacity Attributes, and Green Attributes.

“Good Industry Practice” means those practices, methods and acts that would be implemented and followed by prudent operators of electric transmission facilities (with respect to Buyer) or prudent operators of electric generation facilities similar to the Project (with respect to Seller) in the Western United States during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety, and shall include, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with manufacturers’ warranties, restrictions in this Agreement, and the requirements of Governmental Authorities, WECC standards, the CAISO [*For Projects located outside of the CAISO:* , the Native Balancing Authority,] and applicable Law. Good Industry Practice is not intended to be the optimum practice, method or act to the exclusion of all others, but rather is intended to be any of the practices, methods and/or actions generally accepted in the region.

“Governmental Approval” means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any governmental entity and, with respect to the Seller, shall include those siting and operating permits and licenses, and any of the foregoing under any applicable environmental Law, that are required for the construction, use, and operation of the Project.

“Governmental Authority” means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

“Governmental Charges” has the meaning set forth in Section 9.2.

“Green Attributes” means, subject to the limitations in the final sentence of this definition, any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by Law, to contribute to the actual or

potential threat of altering the Earth’s climate by trapping heat in the atmosphere;¹ and (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state Law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local Law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits. If the Project is a biomass facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project and for all electric generation using biomethane as fuel, Seller shall transfer to Buyer sufficient Green Attributes of biomethane production and capture to ensure that there are zero net emissions associated with the production of electricity from the Project using the biomethane.

“Guaranteed Commercial Operation Date” or “GCOD” means the date that is thirty-six (36) months after the date of satisfaction or waiver of the Condition Precedent in Section 2.3(a), as may be extended pursuant to Section 3.9(c)(ii).

“Guaranteed Energy Production” has the meaning set forth in Section 3.1(e).

“Imbalance Energy” means the amount of Energy, in any given settlement interval, by which the amount of Delivered Energy deviates from the amount of Scheduled Energy.

“Initial Negotiation End Date” has the meaning set forth in Section 12.2(a).

[For Projects located outside of the CAISO: “Interconnected Balancing Authority Agreement” means an agreement between the Native Balancing Authority and the CAISO to govern operation of their interconnected electric systems, including the dynamic transfer of Project output via a pseudo-tie from the Native Balancing Authority and the CAISO, in form and substance reasonably acceptable to the parties thereto.]

¹ Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

“Interconnection Facilities” has the meaning set forth in the CAISO Tariff.

“Interest Amount” means, with respect to an Interest Period, the amount of interest derived from the product of (a) the sum of (i) the principal amount of Performance Assurance in the form of cash held by Buyer during that Interest Period, and (ii) the sum of all accrued and unpaid Interest Amounts accumulated prior to such Interest Period; multiplied by (b) the Interest Rate in effect on the first day of the Interest Period; multiplied by (c) the number of days in that Interest Period; divided by (d) 360.

“Interest Payment Date” means the date on which cash held as Performance Assurance is returned pursuant to the terms of this Agreement.

“Interest Period” means the monthly period beginning on the first day of each month and ending on the last day of each month or the shorter period during which Performance Assurance in the form of cash is held by Buyer.

“Interest Rate” means for any date the rate per annum equal to the Commercial Paper (non-financial, 3 months) rate as published the prior month in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (non-financial, 3 months) be discontinued, then the interest rate on commercial paper, which most closely approximates the discontinued rate, published the prior month in the Federal Reserve Statistical Release, H.15, or its successor publication.

“[Large/Small/Rule 21/Native Balancing Authority] Generator Interconnection Agreement” has the meaning set forth in the [CAISO/Wholesale Open Access Distribution/Rule 21/Native Balancing Authority’s] Tariff.

“Law” means any statute, law, treaty, rule, regulation, ordinance, code, Governmental Approval, enactment, injunction, order, writ, decision, authorization, judgment, decree or other legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction, including any of the foregoing that are enacted, amended, or issued after the Execution Date, and which become effective prior to the end of the Delivery Term; or any binding interpretation of the foregoing by a Governmental Authority.

“Letter(s) of Credit” means one or more irrevocable, standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch with such bank having a Credit Rating of at least A- with an outlook designation of “stable” from S&P or A3 with an outlook designation of “stable” from Moody’s, in substantially the form as contained in Exhibit C to this Agreement.

“Licensed Professional Engineer” means a person acceptable to Buyer in its reasonable judgment who (a) is licensed to practice engineering in California, (b) has training and experience in the power industry specific to the technology of the Project, (c) has no economic relationship, association, or nexus with Seller or Buyer, other than to meet the obligations of Seller pursuant to this Agreement, (d) is not a representative of a consultant, engineer, contractor, designer or other individual involved in the development of the Project or of a manufacturer or supplier of any equipment installed at the Project, and (e) is licensed in an appropriate engineering discipline for the required certification being made.

“Locational Marginal Price” has the meaning set forth in the CAISO Tariff.

“Losses” means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from a Terminated Transaction for the remaining term of this Agreement, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, 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, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of this Agreement and include the value, if any, of Capacity Attributes, and Green Attributes.

“Manager” has the meaning set forth in Section 12.2(a).

“Milestones” has the meaning set forth in Section 3.9(b)(i).

“Monthly Energy Payment” has the meaning set forth in Section 4.[1/2]([b/c]).

“Moody’s” means Moody’s Investor Services, Inc., or its successor.

“MWh” means megawatt-hour.

[For Projects located outside of the CAISO: “Native Balancing Authority” means the balancing authority for the balancing authority area where the Project is physically interconnected to the electric system. As of the Execution Date, the Native Balancing Authority is ***[insert name].]***

[For Projects located outside of the CAISO: “NBA Generator Agreement” means the agreement between the Native Balancing Authority and Seller with respect to Seller’s obligations to the Native Balancing Authority in connection with the Native Balancing Authority’s duties and obligations under the Interconnected Balancing Authority Agreement, in form and substance reasonably acceptable to the parties thereto.]

“Negative Imbalance Energy” has the meaning set forth in Section 4.[2/3].

“NERC” means the North American Electric Reliability Corporation or a successor organization that is responsible for establishing reliability criteria and protocols.

“NERC Holiday” means any of the following holidays: New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. Three of these days, Memorial Day, Labor Day, and Thanksgiving Day, occur on the same day each year. Memorial Day is the last Monday in May; Labor Day is the first Monday in September; and Thanksgiving Day is the fourth (4th) Thursday in November. New Year’s Day, Independence Day, and Christmas Day occur on the same date each year, but in the event any of these holidays occur on a Sunday, the “NERC Holiday” is celebrated on the Monday immediately following that Sunday; and if any of these holidays occur on a Saturday, the “NERC Holiday” remains on that Saturday.

“Network Upgrades” has the meaning set forth in the CAISO Tariff.

“Non-Availability Charges” shall mean Non-Availability Charges as defined in FERC filing ER09-1064 or such other similar term as modified and approved by FERC thereafter to be incorporated in the CAISO Tariff or otherwise applicable to CAISO.

“Non-Defaulting Party” has the meaning set forth in Section 5.2.

“Notice” shall, unless otherwise specified in the Agreement, mean written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail).

“Notice to Proceed” or “NTP” means the notice provided by Seller to the EPC Contractor following execution of the EPC Contract between Seller and such EPC Contractor and satisfaction of all conditions precedent to performance of such contract, by which Seller authorizes such EPC Contractor to commence and complete full performance of the work under the EPC Contract without any delay or waiting periods.

“Outage Notification Form” means the completed document from Seller notifying Buyer of an outage of the Project substantially in the form attached hereto as Exhibit G. Buyer reserves the right to reasonably revise or change the form upon Notice to Seller.

[For intermittent As-Available Product: “Participating Intermittent Resource” shall have the meaning set forth in the CAISO Tariff.]

“Participating Transmission Owner” or “Participating TO” means an entity that (a) owns, operates and maintains transmission lines and associated facilities and/or has entitlements to use certain transmission lines and associated facilities that are interconnected to the Delivery Point and (b) has transferred to the CAISO operational control of such facilities and/or entitlements to be made part of the CAISO Grid. As of the Execution Date, the Participating Transmission Owner is **[San Diego Gas & Electric Company]**.

“Party” or “Parties” means the Buyer or Seller individually, or to both collectively.

“Performance Assurance” means collateral provided by Seller to Buyer to secure Seller’s obligations hereunder and includes CPUC Approval Security, Development Period Security, Construction Period Security, and Delivery Term Security.

[For As-Available, Baseload, Peaking Product: “Performance Measurement Period” has the meaning set forth in Section 3.1(e).]

“Planned Outage” means any planned reduction or suspension of the electrical output from the Project or unavailability of the Project in whole or in part as a result of the inspection, maintenance, or repair of equipment that is scheduled in accordance with Section 3.7(a).

“PNode” has the meaning set forth in the CAISO Tariff.

“Positive Imbalance Energy” has the meaning set forth in Section 4.[2/3].

“Product” has the meaning set forth in Section 3.1(a).

“Project” means all of the *[insert technology]* electric generating units, the Site at which the generating facility is located, the utility interconnection facilities up to the point of change in ownership to the applicable utility’s facilities, and the other assets, tangible and intangible, that compose the generation facility as more particularly described on Exhibit A.

“Project Cure Period” has the meaning set forth in Section 3.9(c)(ii).

“Quarterly Progress Report” means the report similar in form and content attached hereto as Exhibit F, as may be modified from time to time to meet applicable CPUC requirements.

[For Projects located outside of the CAISO: “Pseudo Participating Generator Agreement” means an agreement between CAISO and Seller that is the equivalent of a Participating Generator Agreement (as defined in the CAISO Tariff) for generators interconnected to a Native Balancing Authority other than CAISO and whose output is dynamically transferred via a pseudo-tie to the CAISO, in form and substance reasonably acceptable to the parties thereto.]

[For Projects located outside of the CAISO: “Pseudo Tie Agreements” means the Interconnected Balancing Authority Agreement, the Dynamic Scheduling Agreement, the Pseudo Participating Generator Agreement, and the NBA Generator Agreement, or equivalent agreements that may be adopted by the CAISO or included in the CAISO Tariff, which are intended to permit and facilitate the dynamic transfer of the output of the Project via a pseudo-tie from its Native Balancing Authority to the CAISO.]

“Recording” has the meaning set forth in Section 13.6.

“Reductions” has the meaning set forth in Section 3.2(c).

“Referral Date” has the meaning set forth in Section 12.2(a).

“Remedial Action Plan” has the meaning provided in Section 3.9(b)(ii)

“Renewable Energy Credit” has the meaning set forth in California Public Utilities Code Section 399.12(h) and CPUC Decision 08-08-028, as each may be amended from time to time or as further defined or supplemented by Law.

“Renewable Generation Equipment Supplier” means the supplier of the [electric generating [wind] [gas] [steam] turbine(s)] [solar electric generating equipment] for the Project, selected by Seller.

“Replacement Price” means the price (in dollars per megawatt hour) at which Buyer, acting in a commercially reasonable manner, purchases for delivery at the Delivery Point (or any other reasonably equivalent delivery point for Buyer) a replacement for any Product (including its associated Green Attributes) that was not Scheduled and delivered by Seller, plus (a) costs (calculated in dollars per megawatt hour) reasonably incurred by Buyer in purchasing such replacement Product and (b) additional transmission charges (calculated in dollars per megawatt hour), if any, reasonably incurred by Buyer for such replacement Product, or absent a purchase,

the market price at the Delivery Point (or any other reasonably equivalent delivery point for Buyer) for such replacement Product for the hours impacted by such failure to Schedule or deliver such Product as determined by Buyer in a commercially reasonable manner. The Replacement Price also shall include all CAISO [*For Projects located outside of the CAISO:* , Native Balancing Authority,] and other charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the Scheduled supply resulting from Seller's failure to Schedule or deliver; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller's liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party. If for any reason a Replacement Price is unavailable when Seller fails to deliver or Schedule Product, then the Replacement Price for the hours when a Replacement Price is unavailable shall be the last available Replacement Price together with any charges and penalties allocated to Buyer during such time.

[For FCDS bids and for Projects located outside of the CAISO insert: "Resource Adequacy" means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, and subsequent CPUC decisions addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemakings (R.) 04-04-003 and (R.) 05-12-013 or by any successor proceeding, and all other Resource Adequacy obligations established by any other entity, including the CAISO.]

"Sales Price" means the price (in dollars per megawatt hour) at which Seller, acting in a commercially reasonable manner, resells any Product not Scheduled and received by Buyer, deducting from such proceeds any (a) costs (calculated in dollars per megawatt hour) reasonably incurred by Seller in reselling such Product including all costs charged by CAISO [*For Projects located outside of the CAISO:* and the Native Balancing Authority,] to Schedule and deliver the Product into the CAISO System [*For Projects located outside of the CAISO:* or the Native Balancing Authority's system], and (b) additional transmission charges (calculated in dollars per megawatt hour), if any, reasonably incurred by Seller in Scheduling and delivering such Product to the third party purchasers, or absent a sale despite commercially reasonable efforts to resell the Product, zero. The Sales Price shall also be reduced by all CAISO [*For Projects located outside of the CAISO:* , Native Balancing Authority,] and other costs, charges and penalties with respect to the deviation from the Scheduled supply, in each case, resulting from Buyer's failure to take Product and calculated in dollars per megawatt hour; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Seller be required to utilize or change its utilization of its owned or controlled assets, including contractual assets, or market positions to minimize Buyer's liability. The Sales Price may be less than zero.

"S&P" means the Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

"Schedule" means the actions of Seller, Buyer and/or their designated representatives, or Scheduling Coordinators, including each Party's Transmission Providers, if applicable, of

notifying, requesting and confirming to each other and the CAISO the quantity and type of Product to be delivered on any given day or days at a specified Delivery Point.

“Scheduling Coordinator” or “SC” means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff, for the purposes of undertaking the functions specified in “Responsibilities of a Scheduling Coordinator,” of the CAISO Tariff, as amended from time-to-time.

“Scheduled Energy” means the Energy that clears under the applicable CAISO market based on the final Schedule developed in accordance with this Agreement, the operating procedures developed by the Parties pursuant to Section 3.10, and the applicable CAISO Tariff, protocols and Scheduling practices.

“SEC” means the U.S. Securities and Exchange Commission.

“Seller” shall have the meaning set forth on the Cover Sheet.

“Settlement Amount” means, with respect to the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Sections 5.2 and 5.3.

“Site” shall mean the location of the Project as described in Exhibit A.

“Station Service” means the electric energy produced by the Project that is used within the Project to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for operation of the Project *[For Excess Sales bids: and electric energy produced by the Project that is used to service onsite load which is subtracted from the CAISO revenue meter]*.

“System Dispatch Down” means curtailment of delivery of Product from the Project resulting from (a) curtailment ordered by the CAISO (whether directly or through the Scheduling Coordinator or the Participating Transmission Owner), for any reason, including, but not limited to, an Exceptional Dispatch (as defined in the CAISO Tariff), any system emergency as defined in the CAISO Tariff (“System Emergency”), any warning of an anticipated System Emergency, or any warning of an imminent condition or situation which could jeopardize the CAISO’s or Participating Transmission Owner’s electric system integrity or the integrity of other systems to which the CAISO or Participating Transmission Owner is connected, any warning, forecast, or anticipated overgeneration conditions, including a request from CAISO to manage over-generation conditions; (b) curtailment ordered by the Participating Transmission Owner or distribution operator (if interconnected to distribution or sub-transmission system) for reasons including, but not limited to, (i) any situation that affects normal function of the electric system including, but not limited to, any abnormal condition that requires action to prevent circumstances such as equipment damage, loss of load, or abnormal voltage conditions, (ii) any warning, forecast or anticipation of conditions or situations that jeopardize the Participating Transmission Owner’s electric system integrity or the integrity of other systems to which the Participating Transmission Owner is connected; (c) curtailment ordered by the Participating Transmission Owner or distribution operator (if interconnected to distribution or sub-transmission system) as a result of scheduled or unscheduled maintenance or construction on the Participating Transmission Owner’s transmission facilities or distribution operator’s facilities (if interconnected to distribution or sub-

transmission system) that prevents the delivery or receipt of Delivered Energy to or at the Delivery Point, (d) curtailment in accordance with Seller’s obligations under its interconnection agreement with the Participating Transmission Owner or distribution operator, ***[For projects located outside of the CAISO:*** or Native Balancing Authority; or (e) curtailment ordered by the Native Balancing Authority or another Transmission Provider of Seller provided, that Seller has contracted for firm transmission or equivalent arrangements with the Native Balancing Authority or such Transmission Provider for the Product to be delivered to the Delivery Point and such curtailment is due to “force majeure” or “uncontrollable force” or a similar term as defined under the Transmission Provider’s tariff]; provided, however, that System Dispatch Down shall not include Economic Dispatch Down/.

“Terminated Transaction” means the termination of this Agreement in accordance with Section 5.2 of this Agreement.

“Termination Payment” has the meaning set forth in Section 5.2.

“Transmission Provider” means any entity or entities transmitting or transporting the Product on behalf of Seller or Buyer to or from the Delivery Point.

“VER Forecasting Program” means the rules, protocols, procedures and standards for Participating Intermittent Resources under the CAISO’s Eligible Intermittent Resource Protocol, as may be amended from time to time, as set forth in the CAISO Tariff.]

“WECC” means the Western Electricity Coordinating Council or successor agency.

“WREGIS” means the Western Renewable Energy Generating Information System or any successor renewable energy tracking program.

1.2 Interpretation. The following rules of interpretation shall apply:

- (a) The term “month” shall mean a calendar month unless otherwise indicated, and a “day” shall be a 24-hour period beginning at 12:00:01 a.m. Pacific Prevailing Time and ending at 12:00:00 midnight Pacific Prevailing Time; provided that a “day” may be 23 or 25 hours on those days on which daylight savings time begins and ends.
- (b) Unless otherwise specified herein, all references herein to any agreement or other document of any description shall be construed to give effect to amendments, supplements, modifications or any superseding agreement or document as then exist at the applicable time to which such construction applies.
- (c) Capitalized terms used in this Agreement, including the appendices hereto, shall have the meaning set forth in Article 1, unless otherwise specified.
- (d) Unless otherwise specified herein, references in the singular shall include references in the plural and vice versa, pronouns having masculine or

feminine gender will be deemed to include the other, and words denoting natural persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other entities (whether or not having a separate legal personality). Other grammatical forms of defined words or phrases have corresponding meanings.

- (e) The term “including” when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation.
- (f) References to a particular article, section, subsection, paragraph, subparagraph, appendix or attachment shall, unless specified otherwise, be a reference to that article, section, subsection, paragraph, subparagraph, appendix or attachment in or to this Agreement.
- (g) Any reference in this Agreement to any natural person, Governmental Authority, corporation, partnership or other legal entity includes its permitted successors and assigns or to any natural person, Governmental Authority, corporation, partnership or other legal entity succeeding to its functions.
- (h) All references to dollars are to U.S. dollars.

ARTICLE TWO: EFFECTIVENESS OF AGREEMENT; CONDITIONS PRECEDENT

2.1 Effectiveness of Agreement Prior to CP Satisfaction Date. Commencing on the Execution Date until the CP Satisfaction Date, this Agreement shall be in full force and effect, enforceable and binding only to the extent required to give full effect to, and enforce, the rights and obligations of the Parties under this Article 2, including, as it relates to Article 2, the rights and obligations under Articles 1, 5, 7, 8, 9, 10, 11, 12, and 13.

2.2 Obligations of the Parties. The Parties shall cooperate with each other to cause the Conditions Precedent to be satisfied as soon as reasonably practical.

- (a) Seller’s Obligations. Prior to the CP Satisfaction Date, Seller shall (i) use commercially reasonable efforts to pursue satisfaction of the Conditions Precedent set forth in Sections [___], (ii) diligently pursue development of the Project in accordance with Section 3.9, (iii) comply with Section 3.9(b) in achieving the applicable Milestones that have due dates occurring prior to the CP Satisfaction Date, reporting completion of such Milestones, and delivering Remedial Action Plans in respect of missed Milestones as more fully described therein, (iv) deliver the Quarterly Progress Report in accordance with Section 3.9(a), and (v) otherwise comply with its obligations, covenants, representations, and warranties under Articles 7-13. Upon an Event of Default of Seller prior to the CPUC Approval Date, Buyer may terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the CPUC Approval Security. Upon an Event of Default of Seller on or

after the CPUC Approval Date but prior to the CP Satisfaction Date, Buyer may terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the Development Period Security. Buyer may retain such Performance Assurances to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to an Event of Default of Seller prior to the CP Satisfaction Date would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior to the CP Satisfaction Date.

- (b) Buyer's Obligations. Prior to the CP Satisfaction Date, Buyer shall (i) use commercially reasonable efforts to pursue satisfaction of the Conditions Precedent set forth in Sections 2.3(a), and (ii) otherwise comply with its obligations, covenants, representations, and warranties under Articles 7-13. Upon an Event of Default of Buyer prior to the CPUC Approval Date, Seller may terminate this Agreement in which case Buyer shall owe Seller liquidated damages in the amount of the CPUC Approval Security. Upon an Event of Default of Buyer on or after the CPUC Approval Date but prior to the CP Satisfaction Date, Seller may terminate this Agreement in which case Buyer shall owe Seller liquidated damages in the amount of the Development Period Security. Each Party agrees and acknowledges that (a) the actual damages that Seller would incur due to an Event of Default of Buyer prior to the CP Satisfaction Date would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Buyer prior to the CP Satisfaction Date.

2.3 Conditions Precedent. Subject to Section 2.1, the effectiveness of the remainder of this Agreement is conditioned upon the satisfaction (or waiver by the Party described in Section 2.4) of all of the following conditions precedent ("Conditions Precedent") by the deadline dates set forth below for each Condition Precedent without extension for Force Majeure or any other reason:

- (a) CPUC Approval. No later than [_____], Buyer shall have obtained CPUC Approval. Prior to this deadline, should the CPUC issue an order approving this Agreement but with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties agree to use good faith efforts to renegotiate this Agreement and file the amended agreement with the CPUC seeking CPUC Approval therefor. If, no later than the earlier of (i) sixty (60) days after such order or (ii) the deadline date above, no agreement is reached, either Party may terminate this Agreement upon delivery of Notice to the other Party.

(b) Electrical Interconnection. No later than [_____], Seller shall have entered into a [Large/Small/Rule 21/Native Balancing Authority] Generator Interconnection Agreement [*For Projects located outside of the CAISO*: along with any supplemental arrangements with the CAISO as an affected system owner] providing for the construction of the Electrical Interconnection Upgrades necessary to maintain the “[Full Capacity] [Energy Only] Deliverability Status” (as defined in the CAISO Tariff) of the Project and setting forth:

(i) an estimated in-service interconnection date for the “Participating TO’s Interconnection Facilities,” the “Network Upgrades,” and the “Distribution Upgrades” (as each term is defined in the [CAISO Tariff/Wholesale Distribution Access/Rule 21])) of no later than [_____] months after Seller provides the [CAISO/Participating Transmission Owner/distribution system owner/Native Balancing Authority/or any other affected transmission provider] with the appropriate security and written authorization to proceed under its [Large/Small/Rule 21/Native Balancing Authority] Generator Interconnection Agreement for the Project [*For Projects located outside of the CAISO*: and its supplemental arrangements with the CAISO as an affected system owner], and,

(ii) a refundable cost for [Note: add “reliability” here for Energy Only interconnection agreements which bid FCDS] “Network Upgrades” (as defined in the CAISO Tariff) that Seller would be obligated to pay and would be entitled to reimbursement from the CAISO, a Participating Transmission Owner, or any other affected transmission provider as provided thereunder not exceeding \$[_____], and

(iii) a nonrefundable cost that Seller would be obligated to pay thereunder not exceeding \$[_____] (or such greater amount as Seller may approve, in its sole discretion).

(c) [*Others, Major Governmental Approvals, Financing, etc.*]

2.4 Failure to Meet All Conditions Precedent.

(a) Beneficiary Party.

(i) Both of the Parties are the beneficiaries of the Conditions Precedent set forth in Sections 2.3(a), 2.3(b)(i)-(ii) [*Others*], and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, both of the Parties must waive (in their sole discretion) non-satisfaction by the deadline date therefor.

(ii) Buyer shall be the sole beneficiary of the Conditions Precedent set forth in Sections [*List*], and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, Buyer alone must waive (in its sole discretion) non-satisfaction by the deadline date therefor.

(iii) Seller shall be the sole beneficiary of the Conditions Precedent set forth in Sections 2.3(b)(iii) [*Others*], and in order for a waiver of non-satisfaction of such

Conditions Precedent to be effective, Seller alone must waive (in its sole discretion) non-satisfaction by the deadline date therefor.

(b) Termination. If any of the Conditions Precedent is not satisfied or waived in writing by the beneficiary Parties thereto on or before the date that is fifteen (15) days after the applicable deadline date therefor, then this Agreement shall automatically terminate with no further obligation to either Party (other than as set forth in Sections 2.4(b)(i)-(ii) below and any other payment obligations which are accrued and payable at the time of termination).

(i) Upon a termination of this Agreement for any reason under Section 2.4 other than as described in Section 2.4(b)(ii) below, Seller shall forfeit to Buyer an amount equal to the Performance Assurance then required to be delivered to Buyer hereunder. Buyer may retain such Performance Assurance to pay such amount.

(ii) Upon a termination of this Agreement under this Section 2.4 as a result of the failure of the Conditions Precedent set forth in Sections 2.3(a) to be satisfied (or waived by both Parties) or as a result of the failure of the Conditions Precedent set forth in Sections 2.3(b)(i)-(ii) to be satisfied or waived by Buyer, Buyer shall return to Seller the Performance Assurances then held by Buyer.

2.5 Effectiveness of Agreement on and after CP Satisfaction Date. This Agreement shall be in full force and effect, enforceable and binding in all respects as of the CP Satisfaction Date until the conclusion of the Delivery Term or earlier termination pursuant to the terms of this Agreement; provided however, that this Agreement shall remain in effect until (i) the Parties have fulfilled all obligations under this Agreement, including payment in full of amounts due for the Product delivered prior to the end of the Delivery Term, the Settlement Amount, indemnification payments or other damages (whether directly or indirectly such as through set-off or netting) and (ii) the undrawn portion of the CPUC Approval Security, Development Period Security, Construction Period Security, or Delivery Term Security, as applicable, is released and/or returned as applicable (if any is due). All indemnity rights shall survive the termination or expiration of this Agreement for the longer of twelve (12) months or the expiration of the statute of limitations period of the claim underlying the indemnity obligation.

ARTICLE THREE: OBLIGATIONS AND DELIVERIES

3.1 Transaction.

(a) Product. The “Product” to be delivered and sold by Seller and received and purchased by Buyer under this Agreement is ***[Seller to select: As-Available, Baseload, Peaking, or Dispatchable] Energy, [Delete for Energy Only Bids, except for Projects located outside of the CAISO: Capacity Attributes,] Green Attributes, and other ancillary products, services or attributes similar to the foregoing which are or can be produced by or associated with the Project (net of Station Service) in accordance with the terms hereof.***

- (b) Transaction. Unless specifically excused by the terms of this Agreement during the Delivery Term, Seller shall sell and deliver, or cause to be delivered, and Buyer shall purchase and receive, or cause to be received, the Product at the Delivery Point, and Buyer shall pay Seller for the Product in accordance with the terms hereof. In no event shall Seller have the right to procure any element of the Product from sources other than the Project for sale or delivery to Buyer under this Agreement ***[If the Project is located outside of the CAISO: except with respect to Imbalance Energy from the Transmission Provider]***.
- (c) Delivery Term. The Parties agree that the period of Product delivery is ***[insert: “ten (10)”, “fifteen (15), or “twenty (20)”]*** Contract Years. As used herein, “Delivery Term” shall mean the period of Contract Years specified above beginning on the Commercial Operation Date and continuing until the end of the last Contract Year unless terminated earlier as provided by the terms of this Agreement.
- (d) Delivery Point. ***[For Project with transmission level interconnection, insert: “The Delivery Point shall be the point of interconnection of the Project to the CAISO Grid (and, for payment purposes, the corresponding PNode for the Project).”] [For Project with distribution level interconnection, insert: “The Delivery Point shall be the point on the CAISO Grid where the Participating Transmission Owner’s distribution system interconnects to the CAISO Grid as set forth in their Meter Services Agreement, as may be acceptable to Buyer in its reasonable discretion (and, for payment purposes, the corresponding PNode for the Project).”] [For Projects located outside of the CAISO, insert: “The Delivery Point shall be the point on the CAISO Grid where the Native Balancing Authority’s grid is interconnected to the CAISO Grid at the [identify the local CAISO substation to which the Project has firm transmission rights] Substation (and, for payment purposes, the corresponding PNode for the Project, or if none exists, the PNode corresponding to the point on the CAISO Grid where the Native Balancing Authority’s grid is interconnected to the CAISO Grid at the Delivery Point).”]*** The Delivery Point shall be [the point of interconnection of the Project to the CAISO Grid] ***[Seller may specify another delivery point; for a Project located outside the CAISO Grid, the Delivery Point should be a CAISO Scheduling Point as defined by the CAISO]*** and for financial settlement purposes under the applicable CAISO market, the PNode corresponding to such point.
- (e) ***[For Baseload, Peaking, As-Avaliable Product: Contract Quantity and Guaranteed Energy Production]***. The quantity of Bundled Green Energy that Seller expects to be able to deliver to Buyer during each Contract Year is as follows (“Contract Quantity”):

Contract Year	Contract Quantity (in MWh)
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Throughout the Delivery Term, Seller shall be required to deliver to Buyer no less than the Guaranteed Energy Production (as defined below) in any [twelve (12)] [twenty-four (24)] consecutive calendar month period during the Delivery Term (“Performance Measurement Period”). “Guaranteed Energy Production” means an amount of Bundled Green Energy, as measured in MWh, equal to [two times] [_____] % of the Contract Quantity. Notwithstanding the excuses to performance set forth in the definition of the Product type (as such Product type is specified in Section 3.1(a)), Seller shall be excused from achieving the Guaranteed Energy Production during any Performance Measurement Period only to the extent of any Force Majeure events, Buyer’s failure to perform, or Dispatch Down Periods. For purposes of determining whether Seller has achieved the Guaranteed Energy Production, Seller shall be deemed to have delivered to Buyer an amount of Bundled Green Energy that it could reasonably have delivered to Buyer but was prevented from delivering to Buyer by reason of any Force Majeure events, Buyer’s failure to perform, or Dispatch Down Periods.

(f) Contract Capacity. The “Contract Capacity” is the full generation capacity of the Project net of all Station Service which shall be [__ MWac] and [__ MWdc]. Throughout the Delivery Term, Seller shall sell and Schedule all Product associated with the Contract Capacity of the Project *[For FCDS bids and for Projects located outside of the CAISO insert: ,including Capacity Attributes,]* solely to Buyer, except in the case of an Event of Default of Buyer or an unexcused failure by Buyer to Schedule, receive, and pay for Product under Section 3.1(h)(ii).

(g) Project. All Product provided by Seller pursuant to this Agreement shall be supplied from the Project only. Other than maintenance in accordance with Good Industry Practices, Seller shall not make any alteration or modification to the Project which results in a change to the Contract Capacity of the Project or any other material changes to the Project without Buyer’s prior written consent. The Project is further described in Exhibit A.

(h) Performance Excuses.

(i) Seller Excuses. The performance of Seller to Schedule, deliver, and sell the Product shall be excused only for the reasons set forth in the definition of “As-Available”. If Seller fails to Schedule, deliver, or sell all or part of the Product for a period or a series of periods that is cumulatively longer than thirty (30) days, and such failure is not excused as described above, then such failure shall be an Event of Default. If Seller fails to Schedule, deliver, or sell all or part of the Product for any period prior to an Early Termination Date, and such failure is not excused as described above, then Seller shall pay Buyer, on the date payment would otherwise be due in respect of the month in which the failure occurred an amount for such Product deficiency equal to the positive difference, if any, obtained by subtracting (A) the product of the Energy Price *[For*

FCDS Projects located in the CAISO: (or for each month during which Seller has not achieved FCDS as determined by the CAISO, the Energy Price minus the Deliverability Value)] times the Product deficiency, from (B) the product of the Replacement Price times the Product deficiency. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

(ii) **Buyer Excuses.** The performance of Buyer to Schedule, receive, and pay for the Product shall be excused only (A) during periods of Force Majeure, (B) by Seller's failure to perform or (C) during Dispatch Down Periods ***[For all Products other than Dispatchable Product:*** (except that Buyer shall not be excused from paying for the Product as required under Section 3.4 during periods of Economic Dispatch Down)]. If Buyer fails to Schedule, receive, or purchase all or part of the Product for a period or a series of periods that is cumulatively longer than thirty (30) days and such failure is not excused as described above, then such failure shall be an Event of Default. If Buyer fails to Schedule, receive, or purchase all or part of the Product for any period prior to an Early Termination Date and such failure is not excused as described above, then Buyer shall pay Seller, on the date payment would otherwise be due in respect of the month in which the failure occurred an amount for such Product deficiency equal to the positive difference, if any, obtained by subtracting (Y) the product of the Sales Price times the Product deficiency from (Z) the product of the Energy Price ***[For FCDS located in the CAISO:*** (or, for each month during which Seller has not achieved FCDS as determined by the CAISO, the Energy Price minus the Deliverability Value)] times the Product deficiency. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

(i) **Green Attributes.** Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project. During the Delivery Term, Seller shall register, provide and maintain a Green-e Energy Renewable Generator Registration Form and Attestation. For all electric generation using biomethane as fuel, neither Buyer nor Seller may make a marketing, regulatory, or retail claim that asserts that a procurement contract to which that entity was a party resulted, or will result, in greenhouse gas reductions related to the destruction of methane if the capture and destruction is required by Law. If the capture and destruction of the biomethane is not required by Law, neither Buyer nor Seller may make a marketing, regulatory, or retail claim that asserts that a procurement contract to which that entity was a party resulted, or will result, in greenhouse gas reductions related to the destruction of methane, unless the environmental attributes associated with the capture and destruction of the biomethane pursuant to that contract are transferred to Buyer and retired on behalf of the retail customers consuming the electricity associated with the use of that

biomethane, or unless Seller's procurement contract with the source of biomethane prohibits the source of biomethane from separately marketing the environmental attributes associated with the capture and destruction of the biomethane sold pursuant to that contract, and such attributes have been retired.

- (j) ***[Delete and replace with "Reserved" for Energy Only Bids, except for Green Tariff Projects located outside of the CAISO: Resource Adequacy.*** During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Project's Contract Capacity, including Capacity Attributes, from the Project for Buyer to use in meeting its Resource Adequacy or successor program requirements, as the CPUC, CAISO or other regional entity may prescribe. Seller understands that the CPUC is currently in the process of developing requirements for Resource Adequacy and these requirements and the implementation thereof have not been finalized. Seller agrees that it shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use all of the Contract Capacity, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Agreement for the Resource Adequacy requirements of Buyer, including for necessary deliverability Network Upgrades. ***[For Projects located within the CAISO who bid FCDS but have an Energy Only Interconnection Agreement (and Phase II study) at the time of contract execution:*** If the Generator Interconnection Agreement requires an amendment to achieve FCDS and there are deliverability Network Upgrades, Buyer can request that Seller elect to fund or elect not to fund all deliverability Network Upgrades. However, if Seller elects to fund all deliverability Network Upgrades after Buyer's request that Seller not fund such deliverability Network Upgrades, Buyer shall have the right to declare a termination, and Seller shall owe Buyer a Termination Payment. If Buyer requests that Seller fund certain deliverability Network Upgrades and Seller elects to fund, but the Project does not obtain Full Capacity Deliverability Status on or before January 1, 2027, Buyer shall have the right to declare a termination, and Seller shall owe Buyer a Termination Payment. If the Seller is required to provide Resource Adequacy hereunder, Seller agrees that the Project is subject to the terms of the Availability Standards.] ***[For Projects located outside of the CAISO insert:*** Seller acknowledges that in order for the Project, as a generator that is dynamically transferred via a pseudo-tie to the CAISO, to qualify its Capacity Attributes as Resource Adequacy capacity, Seller will need, among other things, to maintain firm transmission service to the Delivery Point or equivalent arrangements, to maintain as effective the Pseudo-Tie Agreements, to establish a "Qualifying Capacity" (or its equivalent) periodically with the CPUC, to establish a "Net Qualifying Capacity" (or its equivalent) periodically with the CAISO, and to submit through

Seller's Scheduling Coordinator a Resource Adequacy supply plan periodically to the CAISO. Seller acknowledges that (i) Buyer may allocate its share of import capability on the CAISO Grid to any CAISO import scheduling point on the CAISO Grid as it deems appropriate in its sole discretion, and (ii) Buyer may allocate its share, if any, of import capability at the CAISO import scheduling point corresponding to the Delivery Point to any resource at such CAISO import scheduling point as it deems appropriate in its sole discretion, even if, in either case, Buyer's allocation of such import capability, if any, to the CAISO import scheduling point corresponding to the Delivery Point or to the Project may not be sufficient for the Capacity Attributes from the Project to be accepted and approved by the CPUC and the CAISO as qualifying for the determination of, and as satisfying Buyer's requirement for demonstrating its procurement of, Resource Adequacy capacity. If there are determined to be deliverability Network Upgrade costs on the CAISO Grid as an affected system of the Native Balancing Authority as a result of this Project, Buyer can request that Seller elect to fund or elect not to fund all deliverability Network Upgrades. If Seller elects to fund any such deliverability Network Upgrades after Buyer's request that Seller not fund such deliverability Network Upgrades, Buyer shall have the right to declare a termination, and Seller shall owe Buyer a Termination Payment. If Buyer requests that Seller fund certain deliverability Network Upgrades, but Seller does not fund such deliverability Network Upgrades, Buyer shall have the right to declare a termination, and Seller shall owe Buyer a Termination Payment. If the Seller is required to provide Resource Adequacy hereunder, Seller agrees that the Project is subject to the terms of the Availability Standards.//

- (k) WREGIS. Prior to the initial delivery of Energy to Buyer, Seller shall register the Project in WREGIS, execute a CAISO Qualified Reporting Entity Service Agreement to allow CAISO, on the Seller's behalf, to upload generation information directly into WREGIS, and take all other actions necessary to ensure that the Green Attributes produced from the Project in an amount equal to the amount of Delivered Energy are issued and tracked for purposes of satisfying the requirements of the California Renewable Portfolio Standard and transferred to Buyer, including payment of all fees required to register the facility in WREGIS, issue WREGIS certificates, and transfer such certificates to Buyer. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in WREGIS will be taken prior to the first delivery under the Agreement.
- (l) Prevailing Wage. To the extent applicable, Seller shall comply with the prevailing wage requirements of California Public Utilities Code Section 399.13, subdivision (h).

3.2 Transmission.

- (a) Seller's Transmission Service Obligations. During the Delivery Term, Seller shall arrange and be responsible for transmission service for delivery of the Product to and at the Delivery Point and bear all risks and costs associated with such transmission service, including, but not limited to, all Transmission Provider costs and charges, electric transmission and distribution losses, and any transmission or distribution level outages or curtailment, except as provided otherwise in this Agreement in respect of Dispatch Down Periods. ***[For Projects located outside of CAISO:*** Seller shall obtain and maintain during the Delivery Term firm transmission service or equivalent arrangements to deliver the Product from the Site to the Delivery Point from all intermediary Transmission Providers between the Site and the Delivery Point. At Buyer's request, Seller shall provide to Buyer a copy of all firm transmission service agreements or equivalent arrangements and any amendments thereto.] Seller shall fulfill all contractual, metering and applicable interconnection requirements, including those set forth in ***[For Projects located outside of CAISO:*** the Native Balancing Authority's applicable tariffs,] the Participating Transmission Owner's applicable tariffs, the CAISO Tariff and implementing CAISO standards and requirements, including, but not limited to, executing applicable interconnection agreements, Participating Generator Agreement and Meter Service Agreement ***[For Projects located outside of CAISO:*** (or equivalent arrangements (such as a Pseudo-Participating Generator Agreement) for projects located outside the CAISO whose output is dynamically transferred via a pseudo-tie to the CAISO)] so as to be able to deliver Energy to the CAISO Grid. ***[For Project located within the CAISO:*** Seller shall arrange for any interconnection agreement with the CAISO (or the Participating Transmission Owner, for distribution level interconnections).] ***[For Projects located outside of CAISO:*** Seller shall arrange for and maintain, or cause to be maintained, during the Delivery Term appropriate interconnection agreements with the Native Balancing Authority and appropriate Pseudo Tie Agreements among the parties thereto that permit and facilitate the dynamic transfer of the output of the Project via a pseudo-tie from the Native Balancing Authority to the CAISO.] Any and such interconnection agreement is separate and not a part of this Agreement.
- (b) Buyer's Transmission Service Obligations. During the Delivery Term, Buyer shall arrange and be responsible for transmission service for delivery of the Product from the Delivery Point and bear all risks and costs associated with such transmission service, including, but not limited to, all Transmission Provider costs and charges, electric transmission losses, and any transmission outages or curtailment, except as provided otherwise in this Agreement in respect of Dispatch Down Periods.

- (c) Congestion Charges. Seller shall be responsible for all costs of congestion for transmission of the Product up to and at the Delivery Point. Buyer shall be responsible for all costs of congestion for transmission of the Product from the Delivery Point. To the extent that Seller is reimbursed for or receives any refunds, credits, or benefits from the CAISO for congestion charges or losses in respect of transmission of the Product from the Delivery Point, whether due to differences between the locational marginal pricing at the Delivery Point and Buyer's load aggregation point or any other point downstream of the Delivery Point, congestion revenue rights associated with any transmission path downstream of the Delivery Point, or any other hedging instruments associated with the transmission of the Product from the Delivery Point (collectively, any such refunds, credits or benefits are referred to as "Reductions"), then, at Buyer's option, either (i) Seller shall transfer any such Reductions and their related rights to Buyer; or (ii) Buyer shall reduce payments due to Seller under this Agreement in amounts equal to the Reductions and Seller shall retain the Reductions.

3.3 Scheduling.

- (a) VER Forecasting Program Requirements. Seller shall cause the Project to become a Participating Intermittent Resource including executing all necessary documents to become a Participating Intermittent Resource. Seller shall be responsible for all CAISO forecasting fees and related charges associated with the Project becoming a Participating Intermittent Resource and participating in the VER Forecasting Program. Seller and Buyer shall comply with the VER Forecasting Program, and all additional protocols issued by the CAISO relating to Participating Intermittent Resources, including the VER Forecasting Program, for the Delivery Term. Seller shall provide Buyer with a copy of the notice from the CAISO certifying the Project as a Participating Intermittent Resource prior to the Commercial Operation Date. In the event that the VER Forecasting Program or the CAISO Tariff and/or any protocols relating thereto are changed, amended, modified replaced or terminated, Seller and Buyer agree to comply with such revisions and, to the extent practical, to implement such revisions in a manner that maintains the relative economic positions of the Parties as of the date of this Agreement.]
- (b) Scheduling Coordinator.

[When Seller is SC for the Project, include the following two paragraphs:

(i) Seller as Scheduling Coordinator for the Project. During the Delivery Term, Seller shall be its own Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with its Transmission Provider to Schedule and deliver the Product to the Delivery Point and Buyer shall be its own Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with its Transmission Provider

to Schedule and receive the Product at the Delivery Point. Throughout the Delivery Term, Buyer and Seller shall submit inter-SC trades for scheduling all Product from the Project at the Delivery Point (including Energy, Integrated Forward Market Load Uplift Obligations in respect of self-scheduled Energy, and other Product from time to time contemplated under the CAISO Tariff to be subject to inter-SC trades), based on a final Schedule developed in compliance with this Agreement. During the Delivery Term, each Party or each Party's SC shall conduct all Scheduling in accordance with the operating procedures developed by the Parties pursuant to Section 3.10 and in full compliance with the applicable CAISO Tariff, protocols and Scheduling practices for Product on a day-ahead, hour-ahead, or real time basis, as determined by Buyer. ***[For As-Available intermittent Product only:*** Whenever the VER Forecasting Program is available, Seller shall submit Schedules and any updates to such Schedules to the CAISO based on the most current forecast of Delivered Energy consistent with the VER Forecasting Program.] In all cases, ***[For all Products other than Dispatchable:*** consistent with its Economic Dispatch Down curtailment rights,] Buyer may direct the Scheduling Coordinator to submit, and Seller shall cause the Scheduling Coordinator to submit in accordance with such Buyer's directions, a self-schedule or an economic bid in the applicable CAISO market in order to Schedule the Product with the CAISO. It is the intent of the Parties that neither Party be subject to a double payment or a double charge for Product from the Project through this Agreement and CAISO settlement process and that the more detailed Scheduling and operating procedures developed pursuant to Section 3.10 complement the CAISO settlement process to produce a final economic result between them that is consistent with the fundamental transaction of this Agreement.

(ii) CAISO Costs and Revenues. Seller shall be responsible for CAISO costs (including penalties and other charges) and shall be entitled to all CAISO revenues (including credits and other payments) as the Scheduling Coordinator for the Project, in each case, associated with Imbalance Energy, including all CAISO charges or penalties incurred as a consequence of the Project not being available, the Seller not notifying the CAISO and Buyer of outages in a timely manner (in accordance with the CAISO Tariff and as set forth in Section 3.7), any other failure by Seller to abide by the CAISO Tariff, and any other deviations between Delivered Energy and Scheduled Energy that are attributable to Seller, the Project, or any event, circumstance, act, or incident occurring prior to or at the Delivery Point, including without limitation uninstructed deviation penalties. The Parties agree that any Availability Incentive Payments are for the benefit of the Seller and for Seller's account and that any Non-Availability Charges or other CAISO charges associated with the Project not providing sufficient Resource Adequacy capacity are the responsibility of the Seller and for Seller's account. In addition, if during the Delivery Term, the CAISO implements or has implemented any sanction or penalty related to scheduling, outage reporting, or generator operation, the cost of the sanctions or penalties shall be the Seller's responsibility. Buyer shall be entitled to all credits, payments, or revenues from the CAISO in respect of the Contract Energy from the Project, including revenues associated with CAISO dispatches, inter-SC trade credits, and bid cost recovery.]

[When SDG&E is SC for the Project and for Projects located outside of the CAISO, include the following seven paragraphs:

(iii) Buyer as Scheduling Coordinator for the Project. [During the Delivery Term] [Upon initial synchronization of the Project to the CAISO Grid], Buyer shall be the Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator

services with the CAISO for the Project for both the delivery and the receipt of the Product at the Delivery Point. At least thirty (30) days prior to the [Commercial Operation Date of the Project] [initial synchronization of the Project to the CAISO Grid], Seller shall take all actions and execute and deliver to Buyer and the CAISO all documents necessary to authorize or designate Buyer as Seller's Scheduling Coordinator for the Project effective as of [the beginning of the Delivery Term] [initial synchronization of the Project to the CAISO Grid]. [During the Delivery Term] [On and after initial synchronization of the Project to the CAISO Grid], Seller shall not authorize or designate any other party to act as Seller's Scheduling Coordinator, nor shall Seller perform for its own benefit the duties of Scheduling Coordinator, and Seller shall not revoke Buyer's authorization to act as Seller's Scheduling Coordinator unless agreed to by Buyer. Buyer (as Seller's SC) shall submit Schedules to the CAISO based on the final Schedule developed in accordance with this Agreement, the operating procedures developed by the Parties pursuant to Section 3.10, and the applicable CAISO Tariff, protocols and Scheduling practices for Product on a day-ahead, hour-ahead, or real time basis, as determined by Buyer. ***[For As-Available intermittent Product only:*** Buyer (as Seller's SC) shall submit Schedules and any updates to such Schedules to the CAISO based on the most current forecast of Delivered Energy consistent with the VER Forecasting Program whenever the VER Forecasting Program is available, and consistent with Buyers' best estimate based on the information reasonably available to Buyer including Buyer's forecast whenever the VER Forecasting Program is not available.] In all cases, ***[For all Products other than Dispatchable:*** consistent with its Economic Dispatch Down curtailment rights,] Buyer (as the Scheduling Coordinator) may, or may direct the third party Scheduling Coordinator to, submit a self-schedule or an economic bid in the applicable CAISO market in order to Schedule the Product with the CAISO.

(iv) Notices. Buyer (as Seller's SC) shall provide Seller with access to a web based system through which Seller shall submit to Buyer and the CAISO all notices and updates required under the CAISO Tariff regarding the Project's status, including, but not limited to, all outage requests, forced outages, forced outage reports, clearance requests, or must offer waiver forms. In accordance with Section 3.7 and this Section 3.2, Seller will cooperate with Buyer to provide such notices and updates. If the web based system is not available, Seller shall promptly submit such information to Buyer and the CAISO (in order of preference) telephonically, by electronic mail, or facsimile transmission to the personnel designated to receive such information.

(v) CAISO Costs and Revenues. Except as otherwise set forth below, ***[For all Products other than Dispatchable Product:*** in Section 3.4(c)(ii),] and elsewhere in this Agreement, Buyer (as Seller's SC) shall be responsible for CAISO costs (including penalties, ***[For As-Available Product VER Forecasting Program Participants only:*** Negative Imbalance Energy costs or revenues,) and other charges) and shall be entitled to all CAISO revenues (including credits, ***[For As-Available Product VER Forecasting Program Participants only:*** Positive Imbalance Energy revenues or costs,) and other payments) as the Scheduling Coordinator for the Project, including revenues associated with CAISO dispatches, bid cost recovery, inter-SC trade credits, or other credits in respect of the Product Scheduled or delivered from the Project; provided, however that during periods when the Project is under curtailment for both System Dispatch Down and Economic Dispatch Down during the same CAISO settlement interval, Imbalance Energy costs and revenues shall be allocated in accordance with Section 3.4(c)(ii). ***[For As-Available Product VER Forecasting Program Participants only:*** Seller shall be responsible for all CAISO

charges or penalties net of credits and payments (including without limitation all Imbalance Energy costs), in each case, resulting from the Seller not notifying the CAISO and Buyer (as Seller's SC) of outages or other unavailability of Project capacity in a timely manner (in accordance with the CAISO Tariff and as set forth in Section 3.7) or any other failure by Seller to abide by the CAISO Tariff.] The Parties agree that any Availability Incentive Payments are for the benefit of the Seller and for Seller's account and that any Non-Availability Charges or other CAISO charges associated with the Project not providing sufficient Resource Adequacy capacity are the responsibility of the Seller and for Seller's account. In addition, if during the Delivery Term, the CAISO implements or has implemented any sanction or penalty related to scheduling, outage reporting, or generator operation, and any such sanctions or penalties are imposed upon the Project or to Buyer as Scheduling Coordinator due to the actions or inactions of Seller, the cost of the sanctions or penalties shall be the Seller's responsibility.

(vi) CAISO Settlements. Buyer (as Seller's SC) shall be responsible for all settlement functions with the CAISO related to the Project. Buyer shall render a separate invoice to Seller for any CAISO charges or penalties ("CAISO Charges Invoice") for which Seller is responsible under this Agreement. CAISO Charges Invoices shall be rendered after settlement information becomes available from the CAISO that identifies any CAISO charges. Notwithstanding the foregoing, Seller acknowledges that the CAISO will issue additional invoices reflecting CAISO adjustments to such CAISO charges. Seller shall pay the amount of CAISO Charges Invoices within ten Business Days of Seller's receipt of the CAISO Charges Invoice. If Seller fails to pay such CAISO Charges Invoice within that period, Buyer may net or offset any amounts owing to it for these CAISO Charges Invoices against any future amounts it may owe to Seller under this Agreement. The obligations under this section with respect to payment of CAISO Charges Invoices shall survive the expiration or termination of this Agreement.

(vii) Dispute Costs. Buyer (as Seller's SC) may be required to dispute CAISO settlements in respect of the Project. Seller agrees to pay Buyer's costs and expenses (including reasonable attorneys' fees, including reasonably allocated costs of in-house counsel of the Buyer) associated with its involvement with such CAISO disputes. In no event shall Buyer (or its third party designee, as Scheduling Coordinator) be liable to Seller for the actions, inactions, errors, or omissions of the CAISO or its agents in the performance of their scheduling functions and/or market operations.

(viii) Terminating Buyer's Designation as Scheduling Coordinator. At least thirty (30) days prior to expiration of this Agreement or as soon as reasonably practicable upon an earlier termination of this Agreement, the Parties will take all actions necessary to terminate the designation of Buyer as Scheduling Coordinator for the Project as of 11:59 p.m. on such expiration date.

(ix) Master File and Resource Data Template. Seller shall provide the data to the CAISO (and to Buyer) that is required for the CAISO's Master File and Resource Data Template (or successor data systems) for this Project consistent with this Agreement. Neither Party shall change such data without the other Party's prior written consent.]

(c) Annual Delivery Schedules. No later than forty-five (45) days before (A) the first day of the first Contract Year of the Delivery Term and (B)

the beginning of each calendar year for every subsequent Contract Year during the Delivery Term, Seller shall provide a non-binding forecast of each month's average-day expected Delivered Energy, by hour, for the following calendar year.

- (d) Monthly Delivery Schedules. Ten (10) Business Days before the beginning of each month during the Delivery Term, Seller shall provide a non-binding forecast of each day's average expected Delivered Energy, by hour, for the following month ("Monthly Delivery Forecast").

- (e) Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall ***[When Seller is SC for the Project: cause its Scheduling Coordinator to]*** provide Buyer with a ***[For As-Available intermittent Product only: non-binding forecast of the Project's available capacity (or if the VER Forecasting Program is not available for any reason, the expected Delivered Energy)] [For all Products other than As-Available intermittent: binding forecast of the expected Delivered Energy]*** for each hour of the immediately succeeding day ("Day-Ahead Forecast") ***[For all Products other than As-Available intermittent: [When Seller is SC for the Project: concurrent with delivery to the CAISO] [When SDGE is SC for the Project: and Buyer shall submit a Schedule to the CAISO consistent with such Day-Ahead Forecast], it being understood that, [For all Products other than Dispatchable: consistent with its Economic Dispatch Down curtailment rights,] Buyer (as the Scheduling Coordinator) may, or may direct the third party Scheduling Coordinator to, submit a self-schedule or an economic bid in the applicable CAISO market in order to Schedule the Product with the CAISO]. A Day-Ahead Forecast provided in a day prior to any non-Business Day(s) shall include Schedules for the immediate day, each succeeding non-Business Day and the next Business Day. Each Day-Ahead Forecast shall clearly identify, for each hour, Seller's best estimate of [For As-Available intermittent Product only: the Project's available capacity (or if the VER Forecasting Program is not available for any reason, the expected Delivered Energy)] [For all Products other than As-Available intermittent: the expected Delivered Energy]. Seller may not change such Schedule past the deadlines provided in this section except in the event of a Forced Outage or Schedule change imposed by Buyer or the CAISO, in which case Seller shall promptly provide Buyer with a copy of any and all updates to such Schedule indicating changes from the then-current Schedule. These notices and changes to the Schedules shall be sent to Buyer's on-duty Scheduling Coordinator. If Seller fails to provide Buyer with a Day-Ahead Forecast as required herein, then for such unscheduled delivery period only Buyer shall rely on the delivery Schedule provided in the Monthly Delivery Forecast or Buyer's best estimate based on information reasonably available to Buyer and Seller shall be liable for***

Scheduling and delivery based on such Monthly Delivery Forecast or Buyer's best estimate.

- (f) Real Time Delivery Schedules. Notwithstanding anything to the contrary herein, in the event Seller makes a change to its Schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer's on-duty Scheduling Coordinator. Seller shall notify Buyer and the CAISO of Forced Outages in accordance with Section 3.7. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Project during or after the end of the outage.
- (g) *[For Projects located outside of CAISO: Scheduling with the Native Balancing Authority]*. Seller shall be responsible for all communications of generation scheduling for the Project, if any are required, with the Native Balancing Authority.]

3.4 Dispatch Notices.

- (a) General. Seller shall adjust delivery amounts as directed by the CAISO, the Participating Transmission Owner, Buyer, *[For Projects located outside of CAISO: the Native Balancing Authority,]* or a Transmission Provider during any Dispatch Down Period.
- (b) System Requirements. Seller shall acquire, install, and maintain such facilities, communications links and other equipment, and implement such protocols and practices, as necessary (i) for Seller to respond and follow instructions, including an electronic signal conveying real time instructions, to operate the Project as directed by the Buyer and/or the CAISO, including to implement a System Dispatch Down or an Economic Dispatch Down in accordance with the then-current methodology used to transmit such instructions as it may change from time to time, and (ii) for Buyer and/or the CAISO to control the quantity of Product generated by the Project in order to implement a System Dispatch Down or an Economic Dispatch Down, in each case, in accordance with the then-current methodology used to transmit such instructions as it may change from time to time. As of the Execution Date, the systems required to comply with clause (i) include at a minimum the CAISO's Automatic Dispatch System (as described in the CAISO website) and the systems required to comply with clause (ii) include at a minimum the CAISO'S Application Programming Interfaces (as described in the CAISO website). If at any time during the Delivery Term Seller's facilities, communications links or other equipment, protocols or practices are not in compliance with then-current methodologies, Seller shall take all commercially reasonable steps

necessary to become compliant as soon as possible. Seller shall be liable pursuant to Section *[For all Products other than Dispatchable Product: 3.4(c)(ii)] [For Dispatchable Product: 3.3(b)[(ii)/(iii)]* for failure to comply with an order directing a Dispatch Down Period, during the time that Seller's facilities, communications links or other equipment, protocols or practices are not in compliance with then-current methodologies. For the avoidance of doubt, an order directing a Dispatch Down Period via such systems and facilities shall have the same force and effect on Seller as any other form of communication. If an electronic submittal is not possible, Buyer and/or the CAISO may provide Dispatch Notices by (in order of preference) electronic mail, telephonically, or facsimile transmission to Seller's personnel designated to receive such communications, as provided by Seller in writing and Seller shall maintain communications systems necessary to permit such transmittal of Dispatch Notices. The Parties shall describe with more specificity the Economic Dispatch Down process (including the automated communication process for Dispatch Notices) in the operating procedures developed by the Parties pursuant to Section 3.10.

- (c) *[For all Products other than Dispatchable Product: Economic Dispatch Down. [For Projects where SDG&E purchases Test Energy:* Before or after the Commercial Operation Date,] each of Buyer and the CAISO has the right to order Seller to curtail deliveries of Energy from the Project to the Delivery Point for Economic Dispatch Down purposes, seven days per week and 24 hours per day (including holidays), by providing Dispatch Notices and updated Dispatch Notices to Seller electronically via the communications systems described in Section 3.4(b), subject to the requirements and limitations set forth in this Agreement, including the Project operating restrictions set forth in Exhibit H. Each Dispatch Notice will be effective unless and until Buyer (or the CAISO) modifies such Dispatch Notice by providing Seller with an updated Dispatch Notice. In addition to any other requirements set forth or referred to in this Agreement, all Dispatch Notices and updated Dispatch Notices will be made in accordance with the timelines as specified in the CAISO Tariff. Seller agrees to adjust the Project's Delivered Energy as set forth in a Dispatch Notice that meets the requirements of Economic Dispatch Down.]

(i) *[Buyer Payments. [For Projects where SDG&E purchases Test Energy:* On and after the Commercial Operation Date], Buyer shall pay Seller, on the date payment would otherwise be due in respect of the month in which any such Economic Dispatch Down occurred an amount equal to the positive difference, if any, of (Y) the product of the Energy Price, times the amount of Deemed Bundled Green Energy resulting from such Economic Dispatch Down *[For Projects receiving PTCs:* plus the product of the after tax value of any lost PTC benefits (in dollars per megawatt hour) that Seller has not been able to mitigate after use of reasonable efforts, times the amount of Deemed Bundled Green Energy resulting from such Economic Dispatch Down], minus (Z) the product of the positive value of the Sales Price, if

received, times the amount of Deemed Bundled Green Energy resulting from such Economic Dispatch Down. *[For Projects receiving PTCs:* Seller shall provide Buyer with documentation that establishes to Buyer's reasonable satisfaction (A) that Seller would have been entitled to receive PTCs for the Deemed Bundled Green Energy if it had actually been generated; and (B) the after tax value of any lost PTC benefits (in dollars per megawatt hour) due under this Section 3.4(c)(i). *]]*

(ii) [Failure to Comply]. If Seller fails to comply with a Dispatch Notice that is in compliance with this Agreement, then, for the deviation between the Delivered Energy and the amount set forth in the Dispatch Notice, Seller shall pay Buyer an amount equal to the sum of (A) + (B) + (C), where: (A) is the amount, if any, paid to Seller by Buyer for any Delivered Energy in excess of the amount set forth in the Dispatch Notice (for example, the Energy Price), and (B) is all Imbalance Energy costs or charges (excluding any revenues or credits), and (C) is any penalties or other charges resulting from Seller's failure to comply with the Dispatch Notice.]

3.5 Standards of Care.

- (a) General Operation. Seller shall comply with all applicable requirements of Law, the CAISO, *[For Projects located outside of CAISO:* the Native Balancing Authority,] NERC and WECC relating to the Project (including those related to safety, construction, ownership and/or operation of the Project).
- (b) CAISO and WECC Standards. Each Party shall perform all generation, scheduling and transmission services in compliance with all applicable (i) operating policies, criteria, rules, guidelines, tariffs and protocols of the CAISO *[For Projects located outside of CAISO:* and the Native Balancing Authority], (ii) WECC scheduling practices and (iii) Good Industry Practices.
- (c) Reliability Standard. Seller agrees to abide by all (i) NERC, WECC and CAISO reliability requirements, including all such reliability requirements for generator owners and generator operators, and, if applicable, CPUC General Order No.167, "Enforcement of Maintenance and Operation Standards for Electrical Generating Facilities," and (ii) all applicable requirements regarding interconnection of the Project, including the requirements of the interconnected Transmission Provider *[For Projects located outside of CAISO:* and the Native Balancing Authority].

3.6 Metering.

- (a) CAISO Revenue Meter. All output from the Project per the terms of this Agreement must be delivered through a single CAISO revenue meter and that meter must be dedicated exclusively to the Project described herein. All Product purchased under this Agreement must be measured by the

Project's CAISO revenue meter to be eligible for payment under this Agreement. Seller shall bear all costs relating to all metering equipment reasonably necessary to accommodate the Project. In addition, Seller hereby agrees to provide all meter data to Buyer in a form acceptable to Buyer, and consents to Buyer obtaining from the CAISO the CAISO meter data applicable to the Project and all inspection, testing and calibration data and reports. Seller shall grant Buyer the right to retrieve the meter reads from the CAISO meter reporting website and/or directly from the CAISO meter(s) at the Project site. If the CAISO makes any adjustment to any CAISO meter data for a given time period, Seller agrees that it shall submit revised monthly invoices, pursuant to Section 6.2, covering the entire applicable time period in order to conform fully such adjustments to the meter data. Seller shall submit any such revised invoice no later than thirty (30) days from the date on which the CAISO provides to Seller such binding adjustment to the meter data.

(i) Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Good Industry Practice and the CAISO Tariff. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters. Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer's expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.

(ii) Inaccurate Meters. If any of the electric meters is deemed to be inaccurate under the Meter Service Agreement, deliveries shall be measured by reference to Seller's check-meters, if any are installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.

(iii) Delivered MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate under the Meter Service Agreement, the Delivered Energy is increased or decreased, the revised Delivered Energy shall be used for purposes of calculating payments. If any of such amounts for any period have already been calculated using the previous amount of Delivered Energy, they shall be recalculated using the revised amount of Delivered Energy. If the recalculation changes the amount payable for the period in question, revised payments shall be made by Buyer or Seller, as applicable, in accordance with Section 6.2.

(b) Real Time Telemetry. Seller shall install, activate and maintain metering, communication and telemetry equipment for the Project in a centralized system to which Buyer shall have real time access. Seller shall link its system to Buyer via an approved Buyer communication

network, utilizing existing industry standard network protocol, as reasonably approved by Buyer. Seller shall correct any problems with such equipment as soon as practicable.

- (c) ***[The following section is for As-Available Intermittent Products only]*** Meteorological Station. Seller, at its own expense, shall install and maintain such stand-alone meteorological stations at the Project as may be required under the VER Forecasting Program and the CAISO Tariff to monitor and report weather data to both the CAISO and Buyer's weather station data collection system. Each station shall be equipped with instruments and equipment that meet the specifications of the VER Forecasting Program and shall measure, collect, record, format, and communicate the data required under the VER Forecasting Program. Seller shall submit to Buyer for review and approval, which shall not be unreasonably withheld, its technical specifications for the meteorological station along with a site plan showing the location of the station within the Project. Seller shall correct any problems with such equipment as soon as practicable.

3.7 Outage Notification.

- (a) Planned Outages. Seller shall schedule Planned Outages for the Project in accordance with Good Industry Practices and with the prior written consent of Buyer, which consent may not be unreasonably withheld or conditioned. The Parties acknowledge that in all circumstances, Good Industry Practices shall dictate when Planned Outages should occur. Seller shall notify Buyer of its proposed Planned Outage schedule for the Project for the following calendar year by submitting a written Planned Outage schedule no later than October 1st of each year during the Delivery Term. The Planned Outage schedule is subject to Buyer's approval, which approval may not be unreasonably withheld or conditioned. Buyer shall promptly respond with its approval or with reasonable modifications to the Planned Outage schedule and Seller shall use its best efforts in accordance with Good Industry Practices to accommodate Buyer's requested modifications. Notwithstanding the submission of the Planned Outage schedule described above, Seller shall also submit a completed Outage Notification Form to Buyer no later than fourteen (14) days prior to each Planned Outage and all appropriate outage information or requests to the CAISO in accordance with the CAISO Tariff. Seller shall contact Buyer with any requested changes to the Planned Outage schedule if Seller believes the Project must be shut down to conduct maintenance that cannot be delayed until the next scheduled Planned Outage consistent with Good Industry Practices. Seller shall not change its Planned Outage schedule without Buyer's approval, not to be unreasonably withheld or conditioned. Seller shall use its best efforts in accordance with Good Industry Practices not to schedule Planned Outages during the months of July, August, September

and October. At Buyer's request, Seller shall use commercially reasonable efforts to reschedule Planned Outage so that it may deliver Product during CAISO declared or threatened emergency periods. Seller shall not substitute Energy from any other source for the output of the Project during a Planned Outage.

- (b) Forced Outages. Within *[When Seller is the SC for the Project: Within two hours of any Forced Outage,]* *[When SDG&E is the SC for the Project: Within one-half of the notification time prescribed under the CAISO Tariff for Forced Outages,]* Seller shall submit a completed Outage Notification Form to the Buyer in accordance with the instructions shown on the form and shall submit outage information to the CAISO in accordance with the CAISO Tariff *[When SDG&E is the SC for the Project: and Section 3.3(b)(ii) above]*. Seller shall not substitute Energy from any other source for the output of the Project during a Forced Outage.
- (c) Coordination with CAISO. Seller shall be responsible *[When SDG&E is SC for the Project: in accordance with Section 3.3(b)(ii)]* for all outage coordination communications with the CAISO. Buyer shall cooperate with Seller in arranging and coordinating all Project outages with the CAISO.

3.8 Operations Logs and Access Rights.

- (a) Operations Logs. Seller shall maintain a complete and accurate log of all material operations and maintenance information on a daily basis. Such log shall include, but not be limited to, information on power production, fuel consumption, efficiency, availability, maintenance performed, outages, results of inspections, manufacturer recommended services, replacements, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Seller shall maintain this information for at least two (2) years and shall provide this information electronically to Buyer within one day of Buyer's request.
- (b) Access Rights. Buyer, its authorized agents, employees and inspectors shall have the right of ingress to and egress from the Project during normal business hours upon reasonable advance Notice and for any purposes reasonably connected with this Agreement.

3.9 New Generation Facility.

- (a) Project Development. Seller, at no cost to Buyer, shall:
 - (i) Design and construct the Project.

(ii) Perform all studies, pay all fees, obtain all necessary approvals and execute all necessary agreements with the CAISO *[For Projects located outside of CAISO: ,the Native Balancing Authority,]* and the Participating Transmission Owner for the Electrical Interconnection Upgrades to Schedule and deliver the Product from the Project *[For FCDS bids, insert: “under “Full Capacity Deliverability Status” (as defined in the CAISO Tariff), except when construction of deliverability Network Upgrades is not required under Section 3.1(j).”]* *[For Projects located outside of CAISO: “in a manner that enables the Capacity Attributes from the Project to be accepted and approved by the CPUC and the CAISO as qualifying for the determination of, and as satisfying Buyer’s requirement for demonstrating its procurement of, Resource Adequacy capacity.”]* Following satisfaction or waiver of the Conditions Precedent set forth in Section 2.3(b), Seller shall not request from the CAISO or the Participating Transmission Owner or the distribution system operator any changes to its plan of interconnection that are inconsistent with the plan of interconnection that was evaluated in connection with the satisfaction or waiver of the Conditions Precedent in Section 2.3(b) without Buyer’s prior written consent, except in accordance with Section 3.1(j).

(iii) Acquire all Governmental Approvals and other approvals necessary for the construction, operation, and maintenance of the Project.

(iv) Complete all environmental impact studies necessary for the construction, operation, and maintenance of the Project, including all environmental analysis required under the California Environmental Quality Act for the Project and related interconnection facilities.

(v) At Buyer’s request, provide to Buyer Seller’s electrical specifications and design drawings pertaining to the Project.

(vi) Within fifteen (15) days after the close of each calendar quarter following the Execution Date until the Commercial Operation Date, provide to Buyer a Quarterly Progress Report and agree to regularly scheduled meetings between representatives of Buyer and Seller to review such reports and discuss Seller’s construction progress. The Quarterly Progress Report shall identify the Milestones and indicate whether Seller has met or is on target to meet such Milestones.

(vii) Provide access to Buyer, its authorized agents, employees and inspectors for purpose of inspecting the Project’s construction site or on-site Seller data and information pertaining to the Project during normal business hours upon reasonable advance Notice.

(viii) At Buyer’s request, provide information to Buyer relating to Seller’s or Seller’s contractor’s use, during Project construction, of “Women-Owned Businesses” or “Minority-Owned Businesses” or “Disabled Veteran Business Enterprises” as defined in CPUC General Order 156, and the number of new employees hired by Seller or Seller’s contractors and the number of women, minority, and disabled veterans trained or hired by Seller or Seller’s contractor’s as contemplated under Cal. Public Utilities Code §910(a)(8), as each such group of entities and individuals may be amended from time to time or further defined, supplemented, or superseded by applicable Law or replaced with similar designations or certifications. *[Include*

other covenants related to “women-owned business” or “minority-owned business” as may be applicable to the Seller’s RFO bid.]

(b) Construction Milestones.

(i) The Parties agree time is of the essence in regards to this Agreement. As such, the Parties also agree certain milestones for the construction of the Project as set forth in the Milestone schedule attached hereto as Exhibit B (“Milestones”) must be achieved in a timely fashion or Buyer will suffer damages.

(ii) Within seven (7) days after completion of each Milestone, Seller shall provide Buyer with Notice along with accompanying documentation (including reasonably redacted copies of applicable agreements, Governmental Approvals, and certificates) to reasonably demonstrate the achievement of such Milestone. If Seller misses the deadline date for three (3) or more Milestones or misses the deadline date for any one Milestone by more than ninety (90) days, Seller shall submit to Buyer, within ten (10) Business Days of such missed Milestone completion date, a remedial action plan (“Remedial Action Plan”) that describes in detail a reasonable course of action and plan (including accelerating the work, for example, by using additional shifts, overtime, additional crews or resequencing of the work, as applicable) to achieve the missed Milestones and all subsequent Milestones no later than the Guaranteed Commercial Operation Date (as it may be extended under Section 3.9(c)(ii)); provided, that delivery of any Remedial Action Plan shall not relieve Seller of its obligation to meet any subsequent Milestones and the Guaranteed Commercial Operation Date.

(c) Guaranteed Commercial Operation.

(i) COD. Seller shall cause the Project to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date, unless extended in accordance with Section 3.9(c)(ii).

(ii) Extensions. The Guaranteed Commercial Operation Date may be extended one time for no more than a six (6) month period (the “Project Cure Period”) for cumulative delays if Seller demonstrates to Buyer’s reasonable satisfaction after giving written notice as soon as reasonably possible but at least at sixty (60) days prior to the original Guaranteed Commercial Operation Date, which includes a feasible remedial action plan, if any of the following have occurred:

(A) Seller has used commercially reasonable efforts (including but not limited to Seller’s timely filing of required documents and payment of all applicable fees) to obtain permits necessary for the construction and operation of the Project, but is unable to obtain such permits due to delays beyond Seller’s reasonable control;

(B) ***[For all Projects other than Projects located outside of CAISO:*** Seller has used commercially reasonable efforts (including but not limited to Seller’s timely filing of required documents and payment of all applicable fees) to have the Project physically interconnected to the CAISO Grid, or to the Participating Transmission Owner’s distribution system, as applicable, and to complete all Electrical Interconnection Upgrades needed, if any, in order to interconnect the Project, as required herein, to the CAISO Grid, but

fails to secure any necessary commitments from CAISO or the Participating Transmission Owner for such interconnection and upgrades due to delays beyond Seller’s reasonable control; or/ ***[For Projects located outside of CAISO:*** Seller has used commercially reasonable efforts (including but not limited to Seller’s timely filing of required documents and payment of all applicable fees) to have the Project physically interconnected to the Native Balancing Authority’s transmission system and to complete all Electrical Interconnection Upgrades needed, if any, in order to interconnect, as required herein, the Project to the Native Balancing Authority’s transmission system and the Native Balancing Authority’s transmission system to the CAISO Grid, and to commence firm transmission service from the Project to the Delivery Point under the firm transmission service agreement with the applicable Transmission Provider, but Seller has been unable to secure any necessary commitments from the Native Balancing Authority, the CAISO, the Participating Transmission Owner, or the Transmission Provider for such interconnection and upgrades due to delays beyond Seller’s reasonable control; or/

(C) an event of Force Majeure has occurred; provided that Seller works diligently to resolve the effect of the Force Majeure and provides evidence of its efforts promptly to Buyer upon Buyer’s written request.

3.10 Operating Procedures. No later than forty-five (45) days before the Commercial Operation Date, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Planned Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) Scheduling procedures; and (7) invoicing and payment procedures; provided, that the failure to agree on these operating procedures will not relieve the Parties of their respective obligations under this Agreement, and any failure to agree shall be resolved in accordance with the dispute resolution procedures in Article 12.

ARTICLE FOUR: COMPENSATION; MONTHLY PAYMENTS

4.1 Energy Payment.

(a) Energy Price. The price for the Bundled Green Energy and Deemed Bundled Green Energy that is delivered to Buyer in each Contract Year shall be as follows (“Energy Price”):

Contract Year	Energy Price (\$/MWh)

provided, however, that:

(i) if Seller delivers Bundled Green Energy in the aggregate for any CAISO settlement interval (not to exceed one hour) in excess of the product of the Contract Capacity times the length of such settlement interval, expressed in hours, then the Energy Price

for such excess Bundled Green Energy in such settlement interval shall be reduced to zero dollars (\$0), and if the real time Locational Marginal Price for the Delivery Point during such settlement interval is less than zero dollars (\$0), Seller shall pay to Buyer an amount equal to the absolute value of such negative Locational Marginal Price times such excess Bundled Green Energy;

(ii) if Seller delivers Bundled Green Energy plus Deemed Bundled Green Energy, in the aggregate, for any Contract Year during the Delivery Term in excess of one hundred fifteen percent (115%) of the annual Contract Quantity, then the Energy Price for such excess Bundled Green Energy and Deemed Bundled Green Energy, if any, for each settlement interval for the remainder of that Contract Year shall be reduced to zero dollars (\$0) and Seller shall be entitled to the CAISO revenues (including positive Locational Marginal Prices, credits and other payments) in respect of such excess amounts and Seller shall be responsible for the CAISO costs (including negative Locational Marginal Prices, penalties, sanctions and other charges) in respect of such excess amounts.

(b) Reserved

(c) ***[For FCDS bids (excluding Projects located outside of the CAISO): Monthly Energy Payment.*** For each month during which Seller has achieved “Full Capacity Deliverability Status,” as defined in the CAISO Tariff (“FCDS”) as determined by the CAISO, Buyer shall pay Seller for the Product an amount equal to the sum for each hour in the month of the product of the Energy Price times the sum of Bundled Green Energy plus Deemed Bundled Green Energy in each hour (“Monthly Energy Payment”). For each month during which Seller has not achieved FCDS as determined by the CAISO, Buyer shall pay Seller for the Product an amount equal to the sum for each hour in the month of the product of (i) the Energy Price minus ***[insert the \$/MWh equal to the Deliverability Value]*** (“Deliverability Value”) times (ii) the sum of Bundled Green Energy plus Deemed Bundled Green Energy (together, the “Monthly Energy Payment”).

[When the Project has achieved FCDS: Monthly Energy Payment for months that Seller has obtained FCDS = \sum Energy Price x (Bundled Green Energy + Deemed Bundled Green Energy)

[When the Project has not achieved FCDS: Monthly Energy Payment for months that Seller has not obtained FCDS = \sum ([Energy Price – Deliverability Value] x (Bundled Green Energy + Deemed Bundled Green Energy))]

[For Energy Only bids and Projects located outside of the CAISO: Monthly Energy Payment. For each month, Buyer shall pay Seller for the Product an amount equal to the sum for each hour in the month of the product of the Energy Price times the sum of Bundled Green Energy plus Deemed Bundled Green Energy in each hour (“Monthly Energy Payment”).

$$\text{Monthly Energy Payment} = \sum \text{Energy Price} \times (\text{Bundled Green Energy} + \text{Deemed Bundled Green Energy})/$$

For any period where the quantity of Bundled Green Energy is less than the quantity of Delivered Energy and the quantity of Bundled Green Energy cannot practicably be determined for each settlement interval during such period (for example, where WREGIS does not specify in which settlement intervals Renewable Energy Credits were delivered or not delivered), then the quantity of Bundled Green Energy for any settlement interval during the entire period shall be equal to the product of the quantity of Delivered Energy for a settlement interval multiplied by the quotient of the aggregate quantity of Green Attributes that are delivered to Buyer during such entire period divided by the aggregate quantity of Delivered Energy that is delivered to Buyer during such entire period.

4.2 Imbalance Energy. Seller shall use commercially reasonable efforts to deliver Energy in accordance with the Scheduled Energy. Buyer and Seller recognize that from time to time the amount of Delivered Energy will deviate from the amount of Scheduled Energy. When Delivered Energy minus Scheduled Energy is a positive amount, it shall be considered “Positive Imbalance Energy;” when Delivered Energy minus Scheduled Energy is a negative amount, the absolute (i.e., positive) value of that amount shall be considered the “Negative Imbalance Energy.” ***[When Seller is SC for the Project or when Buyer is SC but Project is not in the VER Forecasting Program:*** Seller shall be responsible for settlement of Imbalance Energy with the CAISO and all fees, liabilities, assessments, or similar charges assessed by the CAISO in connection with Imbalance Energy.] Buyer and Seller shall cooperate to minimize charges and imbalances associated with Imbalance Energy to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. ***[When SDG&E is SC for the Project and Project is in the VER Forecasting Program:*** Buyer shall receive all Green Attributes for the Positive Imbalance Energy in all settlement intervals.]

[When Seller is SC for the Project or when Buyer is SC but Project is not in the VER Forecasting Program, include the following two paragraphs:

- (a) Positive Imbalance Energy (Over Deliveries). In the event that Delivered Energy for any CAISO settlement interval is equal to or greater than Scheduled Energy for such CAISO settlement interval, Buyer shall have no payment obligation in respect of the Positive Imbalance Energy. Buyer shall receive all Green Attributes for the Positive Imbalance Energy in such CAISO settlement interval regardless as to whether it was sold into the CAISO. Seller shall be entitled to all payments or credits from the CAISO to Seller’s SC and Seller shall make all payments to the CAISO in respect of the Positive Imbalance Energy.
- (b) Negative Imbalance Energy (Under Deliveries). In the event that Delivered Energy for any CAISO settlement interval is less than Scheduled Energy for such CAISO settlement interval, Buyer shall have no payment obligation in respect of the Negative Imbalance Energy. Seller shall make all payments to the CAISO and Seller shall be entitled

to all payments or credits from the CAISO to Seller's SC in respect of the Negative Imbalance Energy required under the CAISO Tariff.]

4.3 Additional Compensation. To the extent not otherwise provided for in this Agreement, in the event that Seller is compensated by a third party for any Product produced by the Project, including, but not limited to, compensation for ***[For FCDS bids and for Projects located outside of the CAISO insert: Resource Adequacy or] Green Attributes***, Seller shall remit all such compensation directly to Buyer; provided that for avoidance of doubt, nothing herein precludes Seller from retaining credits related to transmission upgrades funded by Seller.

4.4 Energy Sales Prior to Commercial Operation Date. For each month prior to the Commercial Operation Date, as compensation for the Product delivered to Buyer, (i) Buyer shall pay Seller for the Product an amount equal to the product of [*SDG&E to insert REC value amount in \$/MWh*] times the total Bundled Green Energy delivered to Buyer in such month, and (ii) Seller shall be entitled to all CAISO revenues (including credits, Imbalance Energy revenues, and other payments), including revenues associated with CAISO dispatches, bid cost recovery, inter-SC trade credits, or other credits in respect of the Product Scheduled or delivered from the Project, and Seller shall be responsible for all CAISO costs (including penalties, Imbalance Energy costs, and other charges) including all CAISO charges or penalties, in each case, resulting from the Project not being available, the Seller not notifying the CAISO of outages in a timely manner, and any other failure by Seller to abide by the CAISO Tariff, including without limitation uninstructed deviation penalties. ***[When Buyer is SC for the Project, include the following:*** Each month, Buyer (as the SC for the Project) shall deliver an invoice to Seller including a statement of all such CAISO revenues and charges within thirty (30) days after the CAISO final settlement data is available to Buyer for such deliveries.]

ARTICLE FIVE: EVENTS OF DEFAULT; FORCE MAJEURE

5.1 Events of Default. An "Event of Default" shall mean,

- (a) with respect to a Party that is subject to the Event of Default the occurrence of any of the following:
 - (i) the failure by such Party to make, when due, any payment required pursuant to this Agreement and such failure is not remedied within five (5) Business Days after Notice thereof;
 - (ii) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof;
 - (iii) the failure by such Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party's unexcused failure to perform its obligations to Schedule, deliver, or receive (as applicable), or sell or purchase (as applicable) the Product for a period or a series of periods that is cumulatively no longer than thirty (30) days, the exclusive remedy for which is provided in Section 3.1(h)) and such failure is not remedied within thirty (30) days after Notice thereof;

(iv) the failure by such Party to perform its obligations to Schedule, deliver or receive (as applicable), or sell or purchase (as applicable) the Product for a period or a series of periods that is cumulatively longer than thirty (30) days and such failure is not excused as described in Section 3.1(h);

(v) such Party becomes Bankrupt;

(vi) such Party assigns this Agreement or any of its rights hereunder other than in compliance with Section 13.2; or

(vii) such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of Law or pursuant to an agreement reasonably satisfactory to the other Party.

(b) with respect to Seller as the Defaulting Party, the occurrence of any of the following:

(i) if at any time, Seller delivers or attempts to deliver to the Delivery Point for sale under this Agreement Energy that was not generated by the Project ***[If the Project is located outside of the CAISO: other than Imbalance Energy from the Transmission Provider];***

(ii) the failure by Seller to achieve the Commercial Operation Date no later than the Guaranteed Commercial Operation Date;

(iii) ***[For Baseload, Peaking, As-Available Product: the failure by Seller to achieve the Guaranteed Energy Production requirement during any Performance Measurement Period as set forth in Section 3.1(e) of this Agreement];***

(iv) the failure by Seller to deliver a Remedial Action Plan that reasonably demonstrates in detail how Seller will achieve the Commercial Operation Date no later than the Guaranteed Commercial Operation Date, if such failure is not remedied within ten (10) days after Notice;

(v) failure by Seller to satisfy the collateral requirements pursuant to Sections 8.3 or 8.4 of this Agreement; or

(vi) with respect to any outstanding Letter of Credit provided for the benefit of Buyer that is not then required under this Agreement to be canceled or returned, the failure by Seller to provide for the benefit of Buyer either (1) cash, or (2) a substitute Letter of Credit from a different issuer meeting the criteria set forth in the definition of Letter of Credit, in each case, in the amount required hereunder within five (5) Business Days after Seller receives Notice of the occurrence of any of the following events:

(A) the issuer of the outstanding Letter of Credit shall fail to maintain a Credit Rating of at least "A-" by S&P or "A3" by Moody's;

(B) the issuer of such Letter of Credit becomes Bankrupt;

(C) the issuer of the outstanding Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit and such failure shall be continuing after the lapse of any applicable grace period permitted under such Letter of Credit;

(D) the issuer of the outstanding Letter of Credit shall fail to honor a properly documented request to draw on such Letter of Credit;

(E) the issuer of the outstanding Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit;

(F) such Letter of Credit fails or ceases to be in full force and effect at any time; or

(G) Seller shall fail to renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and as provided in accordance with this Agreement, and in no event less than sixty (60) days prior to the expiration of the outstanding Letter of Credit.

5.2 Remedies; Declaration of Early Termination Date. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (“Non-Defaulting Party”) shall have the right (a) to send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than twenty (20) days after such Notice is deemed to be received, as an early termination date of this Agreement (“Early Termination Date”) that terminates this Agreement and ends the Delivery Term effective as of the Early Termination Date, to accelerate all amounts owing between the Parties, and to collect liquidated damages calculated in accordance with Section 5.3 below (“Termination Payment”); (b) to withhold any payments due to the Defaulting Party under this Agreement; (c) to suspend performance; and (d) to exercise any other right or remedy available at law or in equity, including specific performance or injunctive relief, except to the extent such remedies are expressly limited under this Agreement.

5.3 Termination Payment. The Termination Payment for a Terminated Transaction shall be the aggregate of all Settlement Amounts plus any or all other amounts due to the Non-Defaulting Party netted into a single amount. Except in the case of a termination of this Agreement by the Non-Defaulting Party solely as a result of an Event of Default by the Defaulting Party under Section 5.1(a)(iv) [Bankruptcy], if the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment shall be zero. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for the Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption

damages; provided, however, that any lost Capacity Attributes and Green Attributes shall be deemed direct damages covered by this Agreement. Without prejudice to the Non-Defaulting Party's duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (a) the actual damages that the Non-Defaulting Party would incur in connection with a Terminated Transaction would be difficult or impossible to predict with certainty, (b) the Termination Payment described in this section is a reasonable and appropriate approximation of such damages, and (c) the Termination Payment described in this section is the exclusive remedy of the Non-Defaulting Party in connection with a Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party's rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

5.4 Notice of Payment of Termination Payment. As soon as practicable after a Terminated Transaction, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment shall be made to the Non-Defaulting Party, as applicable, within ten (10) Business Days after such Notice is effective.

5.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of the Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute. Disputes regarding the Termination Payment shall be determined in accordance with Article 12.

5.6 Rights And Remedies Are Cumulative. Except where liquidated damages are provided as the exclusive remedy, the rights and remedies of a Party pursuant to this Article 5 shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

5.7 Mitigation. Any Non-Defaulting Party shall be obligated to mitigate its Costs, losses and damages resulting from any Event of Default of the other Party under this Agreement.

5.8 Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party gives Notice and details of the Force Majeure to the other Party as detailed below, then, the Party impacted by Force Majeure shall be excused from the performance of its obligations to the extent impacted. Within forty-eight (48) hours of commencement of an event of Force Majeure, the non-performing Party shall provide the other Party with oral notice of the event of Force Majeure, and within two (2) weeks of the commencement of an event of Force Majeure the non-performing Party shall provide the other Party with Notice in the form of a letter describing in detail the particulars of the occurrence giving rise to the Force Majeure claim. Seller shall not substitute Product from any other source for the output of the Project during an outage resulting from Force Majeure. The suspension of performance due to a claim of Force Majeure must be of no greater scope and of no longer duration than is required by the Force Majeure. Buyer shall not be required to make any payments for any Product that Seller fails to Schedule, deliver or provide as a result of Force

Majeure during the term of a Force Majeure. This Agreement may be terminated by the non-claiming Party with no further obligation to the Force-Majeure-claiming Party if a Force Majeure event prevents the performance of a material portion of the obligations of the Force-Majeure-claiming Party hereunder and such Force Majeure event is not resolved within eight (8) months after the commencement of such Force Majeure event.

ARTICLE SIX: PAYMENT

6.1 Billing and Payment. On or about the tenth (10th) day of each month beginning with the second month of the first Contract Year and every month thereafter, and continuing through and including the first month following the end of the Delivery Term, Seller shall provide to Buyer (a) records of metered data, including CAISO metering and transaction data sufficient to document and verify the generation of Product by the Project for any CAISO settlement time interval during the preceding months, (b) access to any records, including invoices or settlement data from CAISO, necessary to verify the invoice; and (c) an invoice, in a format reasonably specified by Buyer, covering the services provided in the preceding month determined in accordance with Article 4 (which may include preceding months), with all component charges and unit prices identified and all calculations used to arrive at invoiced amounts described in reasonable detail. Buyer shall pay the undisputed amount of such invoices on or before thirty (30) days after receipt of the invoice. If either the invoice date or payment date is not a Business Day, then such invoice or payment shall be provided on the next following Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any undisputed amounts not paid by the due date will be deemed delinquent and will accrue interest at the Default Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full. Invoices may be sent by facsimile or e-mail.

6.2 Disputes and Adjustments of Invoices. A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice, rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Default Rate from and including the original due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived if the other Party is not notified in accordance with this Section 6.2 within twelve (12) months after the invoice is rendered or subsequently adjusted, except to the extent any misinformation was from a third party not Affiliated with any Party and such third party corrects its information after the twelve-month period. If an invoice is not rendered within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

6.3 Netting of Payments. The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of Product during the monthly billing period under this Agreement, including any related damages calculated pursuant to Section 3.1(h), interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.

ARTICLE SEVEN: LIMITATIONS

7.1 Limitation of Remedies, Liability and Damages. EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED, UNLESS THE PROVISION IN QUESTION PROVIDES THAT THE EXPRESS REMEDIES ARE IN ADDITION TO OTHER REMEDIES THAT MAY BE AVAILABLE. EXCEPT FOR A PARTY'S INDEMNITY OBLIGATION IN RESPECT OF THIRD PARTY CLAIMS OR AS OTHERWISE EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTION 11.2 (INDEMNITIES), IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

ARTICLE EIGHT: CREDIT AND COLLATERAL REQUIREMENTS / INSURANCE

8.1 Buyer Financial Information. If requested by Seller, Buyer shall deliver (i) within one hundred twenty (120) days following the end of each fiscal year, a copy of Buyer's annual report containing audited consolidated financial statements for such fiscal year and (ii) within sixty (60) days after the end of each of its first three fiscal quarters of each fiscal year, a copy of Buyer's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall

not be an Event of Default so long as Buyer diligently pursues the preparation, certification and delivery of the statements. Buyer shall be deemed to have satisfied such delivery requirement if the applicable report is publicly available.

8.2 Seller Financial Information. If requested by Buyer, Seller shall deliver (i) within one hundred twenty (120) days following the end of each fiscal year, a copy of Seller's annual report containing audited consolidated financial statements for such fiscal year and (ii) within sixty (60) days after the end of each of its first three fiscal quarters of each fiscal year, a copy of Seller's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as Seller diligently pursues the preparation, certification and delivery of the statements.

8.3 Grant of Security Interest/Remedies. To secure its obligations under this Agreement and to the extent Seller delivers Performance Assurance hereunder, Seller hereby grants to Buyer a present and continuing first priority security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Buyer, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Buyer's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence and during the continuation of an Event of Default by Seller or an Early Termination Date as a result thereof, Buyer may do any one or more of the following: (i) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance, including any such rights and remedies under Law then in effect; (ii) exercise its rights of setoff against such collateral and any and all proceeds resulting therefrom or from the liquidation thereof; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all or any portion of any Performance Assurance then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller. Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Seller's obligations under the Agreement (Seller remaining liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

8.4 Performance Assurance.

- (a) CPUC Approval Security, Development Period Security, Construction Period Security, Delivery Term Security. To secure its obligations under this Agreement Seller agrees to deliver to Buyer and maintain in full force and effect for the period set forth below, the following Performance Assurance:

(i) CPUC Approval Security, in the amount of [] in the form of cash or a Letter of Credit from the Execution Date of this Agreement until the return date specified in Section 8.4(b)(i) below;

(ii) Development Period Security in the amount of [] in the form of cash or a Letter of Credit from CPUC Approval Date until the return date specified in Section 8.4(b)[(i)/(ii)] below;

(iii) Construction Period Security in the amount of [] in the form of cash or a Letter of Credit from the CP Satisfaction Date until the return date specified in Section 8.4(b)[(ii)/(iii)] below; and

(iv) Delivery Term Security in the amount of [] in the form of cash or a Letter of Credit from the commencement of the Delivery Term until the return date specified in Section 8.4(b)[(iii)/(iv)] below.

Except as set forth in Section 2.2 as it pertains to the CPUC Approval Security and the Development Period Security, any such Performance Assurance shall not be deemed a limitation of damages.

(b) Return of Performance Assurance.

(i) Buyer shall promptly return to Seller the unused portion of the CPUC Approval Security after the earlier of (A) the date on which Seller has delivered the Development Period Security or the Construction Period Security, as applicable, and (B) termination of the Agreement under Section 2.4(b)(ii).

(ii) Buyer shall promptly return to Seller the unused portion of the Development Period Security after the earlier of (A) the date on which Seller has delivered the Construction Period Security, and (B) termination of the Agreement under Section 2.4(b)(ii).

(iii) Buyer shall promptly return to Seller the unused portion of the Construction Period Security after the earlier of (A) the date on which Seller has delivered the Delivery Term Security, and (B) the date that all payment obligations of the Seller arising under this Agreement, including compensation for penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting) after an Early Termination Date.

(iv) Buyer shall promptly return to Seller the unused portion of the Delivery Term Security after the following have occurred: (A) the Delivery Term has expired or terminated early; and (B) all payment obligations of the Seller arising under this Agreement, including compensation for penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting).

8.5 Interest on Cash. If Seller provides Performance Assurance in the form of cash, Buyer shall pay interest on such cash held as CPUC Approval Security, Development Period Security, Construction Period Security, or Delivery Term Security, as applicable, at the Interest Rate. On or before each Interest Payment Date, Buyer shall transfer the sum of all accrued and unpaid

Interest Amounts due to Seller for such security in the form of cash by wire transfer to the bank account specified under “Wire Transfer” in the Cover Sheet.

8.6 Costs of Letter of Credit. If Seller provides Performance Assurance in the form of a Letter of Credit, in all cases, the reasonable costs and expenses of (including but not limited to the reasonable costs, expenses, and attorneys’ fees, including reasonably allocated costs of in-house counsel of the Buyer) establishing, renewing, substituting, canceling, increasing and reducing the amount of (as the case may be) one or more Letters of Credit shall be borne by the Seller.

8.7 Insurance. In connection with Seller’s performance of its duties and obligations under this Agreement, Producer shall maintain, from the CP Satisfaction date until the end of the term of this Agreement, insurance in accordance with Exhibit E.

ARTICLE NINE: GOVERNMENTAL CHARGES

9.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and to administer this Agreement in accordance with the intent of the Parties to minimize all taxes, so long as neither Party is materially adversely affected by such efforts.

9.2 Governmental Charges. Seller shall pay or cause to be paid all taxes imposed by any governmental authority (“Governmental Charges”) on or with respect to the Product or the transaction under this Agreement arising prior to and at the Delivery Point, including, but not limited to, ad valorem taxes and other taxes attributable to the Project, land, land rights or interests in land for the Project. Buyer shall pay or cause to be paid all Governmental Charges on or with respect to the Product or the transaction under this Agreement from the Delivery Point. In the event Seller is required by Law or regulation to remit or pay Governmental Charges which are Buyer’s responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. If Buyer is required by Law or regulation to remit or pay Governmental Charges which are Seller’s responsibility hereunder, Buyer may deduct such amounts from payments to Seller with respect to payments under the Agreement; if Buyer elects not to deduct such amounts from Seller’s payments, Seller shall promptly reimburse Buyer for such amounts upon request. Nothing shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the Law.

ARTICLE TEN: REPRESENTATIONS AND WARRANTIES; COVENANTS

10.1 General Representations and Warranties. On the Execution Date and the CP Satisfaction Date, each Party represents and warrants to the other Party that:

- (a) it is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation;
- (b) it has all Governmental Approvals necessary for it to perform its obligations under this Agreement, except for as of the Execution Date (i) CPUC Approval in the case of Buyer, and (ii) all Governmental Approvals necessary to construct, operate and maintain the Project and related interconnection facilities in the case of Seller;

- (c) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any applicable Law;
- (d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;
- (e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;
- (f) except as may be set forth in its reports filed with the SEC, there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and
- (i) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or the ability to make or take delivery of the Product as provided in this Agreement.

10.2 Seller Representations and Warranties.

- (a) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project’s output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in Law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in Law.

- (b) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in CPUC Decision 08-08-028, and as may be modified by subsequent decision of the CPUC or by subsequent legislation. To the extent a change in Law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in Law.
- (c) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that the Project qualifies as a Green-e® Energy Certified product.
- (d) *[Include other appropriate representations, warranties, and covenants to satisfy the California RPS content category requirements.]*

10.3 Covenants.

- (a) General Covenants. Each Party covenants that throughout the Delivery Term:
 - (i) it shall continue to be duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation;
 - (ii) it shall maintain (or obtain from time to time as required, including through renewal, as applicable) all Governmental Approvals necessary for it to legally perform its obligations under this Agreement;
 - (iii) it shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any applicable Law; and
 - (iv) it shall not dispute its status as a “forward contract merchant” within the meaning of the United States Bankruptcy Code.

- (b) Seller Covenants.

- (i) Seller covenants throughout the Delivery Term that it, or its permitted successors or assigns, shall maintain ownership of a fee, easement, long-term leasehold interest, or other similar asset ownership interest in the Project.
- (ii) Seller covenants throughout the Delivery Term that it shall maintain market based rate authority from FERC to sell Product to Buyer under the terms of this Agreement.
- (iii) If at any time during the Delivery Term, Seller’s representations and warranties set forth in Section 10.2 become materially false or misleading, Seller covenants that it

shall provide prompt Notice to Buyer describing such default along with a description of its efforts to cure such default.

(iv) *[Include other appropriate representations, warranties, and covenants to satisfy the California RPS content category requirements.]*

(v) *[Include other appropriate covenants regarding the use of contractors that may be diverse business enterprises.]*

ARTICLE ELEVEN: TITLE, RISK OF LOSS, INDEMNITIES

11.1 Title and Risk of Loss. Title to and risk of loss related to the Product shall transfer from Seller to Buyer at the Delivery Point. Seller warrants that it will deliver to Buyer the Product free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to or at the Delivery Point.

11.2 Indemnities.

(a) Indemnity by Seller. Seller shall release, indemnify, defend, and hold harmless Buyer, its Affiliates, and its and their directors, officers, employees, agents, and representatives against and from any and all actions, suits, losses, costs, damages, injuries, liabilities, claims, demands, penalties and interest, including reasonable costs and attorneys' fees ("Claims") resulting from, or arising out of or in any way connected with (i) any event, circumstance, act, or incident relating to the Product delivered under this Agreement up to and at the Delivery Point, (ii) Seller's development, permitting, construction, ownership, operation and/or maintenance of the Project, (iii) the failure by Seller or the failure of the Project to comply with applicable Law, including without limitation the CAISO Tariff, (iv) any Governmental Charges for which Seller is responsible hereunder, or (v) any liens, security interests, encumbrances, or other adverse claims against the Product delivered hereunder made by, under, or through Seller, in all cases including, without limitation, any Claim for or on account of injury, bodily or otherwise, to or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such Claim to the extent caused by the willful misconduct or gross negligence of Buyer, its Affiliates, and its and their directors, officers, employees, agents, and representatives.

(b) Indemnity by Buyer. Buyer shall release, indemnify, defend, and hold harmless Seller, its Affiliates, and its and their directors, officers, employees, agents, and representatives against and from any and all Claims resulting from, or arising out of or in any way connected with (i) any event, circumstance, act, or incident relating to the Product received by Buyer under this Agreement after the Delivery Point, (ii) the failure by Buyer to comply with applicable Law, including without limitation

the CAISO Tariff, or (iii) any Governmental Charges for which Buyer is responsible hereunder, in all cases including, without limitation, any Claim for or on account of injury, bodily or otherwise, to or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such Claim to the extent caused by the willful misconduct or gross negligence of Seller, its Affiliates, and its and their directors, officers, employees, agents, and representatives.

ARTICLE TWELVE: DISPUTE RESOLUTION

12.1 Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Article 12. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Article 12.

12.2 Management Negotiations.

- (a) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's authorized representative designated in writing as a representative of the Party (each a "Manager"). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
- (b) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
- (c) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.

- (d) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 12.2(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 12.2(a) above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.

12.3 Arbitration. Any dispute that cannot be resolved by management negotiations as set forth in Section 12.2 above shall be resolved through binding arbitration by a retired judge or justice from the [AAA][JAMS] panel conducted in San Diego, California, administered by and in accordance with [AAA's Commercial Arbitration Rules] [JAMS [Comprehensive]][Streamlined] Arbitration Rules and Procedures] ("Arbitration").

- (a) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in [AAA's Commercial Arbitration Rules] [JAMS [Comprehensive]][Streamlined] Arbitration Rules and Procedures].
- (b) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.
- (c) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.
- (d) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.
- (e) The arbitrator's award shall be made within nine (9) months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall

agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.

- (f) Judgment on the award may be entered in any court having jurisdiction.
- (g) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.
- (h) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.
- (i) The existence, content, and results of any Arbitration hereunder is confidential information that is subject to the provisions of Section 13.1.

ARTICLE THIRTEEN: MISCELLANEOUS

13.1 Confidentiality.

- (a) General. Neither Party shall disclose the non-public terms or conditions of this Agreement or any transaction hereunder to a third party, other than (i) the Party's Affiliates and its and their officers, directors, employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer's Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section 13.1(b) of this Agreement; (v) in order to comply with any applicable Law, regulation, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 13.1(a) ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts to prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

- (b) RPS Confidentiality. Notwithstanding Section 13.1(a) of this Agreement, at any time on or after the date on which the Buyer makes its filing seeking CPUC Approval for this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Term, Project location, Contract Capacity, anticipated Commercial Operation Date, Contract Quantity, and Delivery Point.
- (c) Publicity. Except as otherwise agreed to in this Section 13.1 above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.

13.2 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld. For purposes hereof, the transfer of more than fifty percent (50%) of the equity ownership or voting interest of Seller (or any parent entity holding directly or indirectly at least fifty percent (50%) of the equity ownership or voting interest of Seller if such interest constitutes more than twenty percent (20%) of the fair market value of the assets of such parent entity) to a person that is not an Affiliate of Seller shall also constitute an assignment of this Agreement requiring Buyer's prior written consent. Notwithstanding the foregoing, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers. In connection with any financing or refinancing of the Project by Seller, Buyer shall in good faith negotiate and agree upon a consent to collateral assignment of this Agreement in substantially the same form as Exhibit E. Buyer may also, without the consent of the Seller (and thereby relieving itself from liability hereunder), assign this Agreement to any legal entity that is established by statute or by the CPUC to serve load as a central procurement entity with a Credit Rating of BBB- or better by S&P or that provides cash or a letter of credit from a bank with a Credit Rating of A- or better by S&P in an amount equal to the Delivery Term Security. Buyer may also assign this Agreement (and thereby relieve itself from further liability hereunder), to a Qualified Assignee, so long as Buyer notifies Seller no later than thirty (30) days before the effective date of the assignment and the assignee assumes in writing all of Buyer's obligations and liabilities hereunder. "Qualified Assignee" shall mean: any community choice aggregation entity formed in the State of California that either (i) has a Credit Rating of BBB- or better by S&P and provides cash or a letter of credit from a bank with a Credit Rating of A- or better by S&P in an amount equal to the product of the then-applicable Contract Price (expressed in dollars per megawatt-hour (\$/MWh)), times the then-applicable Contract Quantity (expressed in MWh), times five-tenths (0.5) of a year, or (ii) provides cash or a letter of credit from a bank with a Credit Rating of A- or better by S&P in an amount equal to the product of the then-applicable Contract Price (expressed in dollars per megawatt-hour (\$/MWh)), times the then-applicable Contract Quantity (expressed in MWh), times two (2) years.

13.3 Audit. Each Party has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the

accuracy of any statement, charge or computation made pursuant to this Agreement including amounts of Delivered Energy or Scheduled Energy. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made promptly and shall bear interest calculated at the Default Rate from the date the overpayment or underpayment was made until paid; provided, however, that no adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of twelve (12) months from the rendition thereof, and thereafter any objection shall be deemed waived except to the extent any misinformation was from a third party not Affiliated with any Party and such third party corrects its information after such twelve-month period. In addition, Buyer shall have the right, at its sole expense and during normal working hours, to examine the records of Seller to the extent reasonably necessary to verify Seller's compliance with its representations and warranties set forth in Section 10.2.

13.4 Sarbanes-Oxley and SEC Requirements. The Parties acknowledge that accounting principles generally accepted in the United States of America ("GAAP") and SEC rules require Buyer and its independent auditor to evaluate whether Buyer must consolidate Seller's financial information (but not financial information of Seller's constituent members unless deemed to be included in the entity under GAAP). Buyer require access to information concerning Seller's organizational structure, including its debt/capital structure, as well as to personnel of Seller to determine if consolidated financial reporting is required. If Buyer and its independent auditor determine at any time that the Buyer must consolidate the Seller's financial statements to comply with GAAP and/or SEC rules regarding consolidated financial reporting, then:

(a) Buyer shall require from Seller and Seller agrees to provide to Buyer the following during the Term of this Agreement:

(i) Unaudited financial statements of the Seller prepared in accordance with GAAP as of the end of the quarterly period. The financial statements should include quarter to date and year to date information and are to be provided within fifteen (15) calendar days of the end of the applicable reporting period (or the Business Day thereafter);

(ii) Unaudited financial schedules of the Seller, as deemed necessary for Buyer to prepare its consolidated financial statements and related footnotes to the financial statements in accordance with GAAP as of the end of the quarterly period. The financial schedules should include quarter to date and year to date information underlying the financial statements and footnotes to the financial statements and are to be provided within fifteen (15) calendar days of the end of the applicable reporting period (or the Business Day thereafter);

(iii) Access to Seller's accounting and other records, and accounting and management personnel as reasonably determined by both Buyer and Seller so that (A) Buyer's independent auditor or its internal auditors may conduct financial audits (in accordance with the standards of the Public Company Accounting Oversight Board (United States)) as well as internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002) and (B) Buyer can be provided analytical information, as needed, to enable Buyer to meet its SEC filing requirements, including but not limited to those under Item 2 on Form 10-Q, and Item 7 on Form 10-K, "Management's Discussion and Analysis of Financial Condition and Results of Operations;"

(iv) Upon the request of Buyer, such certifications by a duly authorized representative(s) of Seller as may be reasonably requested by Buyer (which certifications shall presumptively be reasonable if the certifications are substantially identical to those required by Buyer or its parent of business units of Buyer or its parent); and

(v) As reasonably requested by Buyer, such information or schedules, similar to the items noted in clauses (i)-(iv) above, to enable Buyer to prepare consolidated financial statements and schedules as may be required for Buyer to obtain financing or to prepare other reports as required by regulatory bodies, such as the SEC, for periods other than as of the end of the monthly, quarterly or year to date periods then ended.

- (b) If Buyer (i) in its sole discretion determines that the financial statements of the Seller would be considered material to the Buyer or its parent company's financial statements, financial condition, or internal controls over financial reporting, and (ii) reasonably determines Seller's internal controls over financial reporting are not operating effectively or have resulted in a control deficiency, Buyer shall provide Notice to Seller. Upon receipt of such Notice, Seller will have thirty (30) days to remediate any deficiency in Seller's internal controls over financial reporting identified by the Buyer, which Buyer and Buyer's independent auditor deem to be necessary to ensure Seller's internal controls over financial reporting are adequate, during or as a result of the audits permitted under Section 13.4(a)(iii) or any other provision of this Agreement.
- (c) As soon as possible, but in no event later than two (2) Business Days following any occurrence that would affect Seller in any material way, Seller shall provide to Buyer a Notice describing such occurrence in sufficient detail to permit the Buyer to file a report on SEC Form 8-K. Such occurrences include all reportable events on the then current Form 8-K that applies to Buyer and its parent company at such time, including but not limited to a material acquisition or disposition of assets, a material direct financial obligation or off-balance sheet financing arrangement, material litigation, and the execution or termination of a material contract.
- (d) Any information provided to Buyer shall be treated as confidential except that it may be disclosed in connection with the preparation, review, certification and publication of Buyer's financial statements.
- (e) Seller shall notify Buyer at any time during the term of this Agreement of any services provided or proposed to be provided to Seller by Buyer's independent auditor. Seller, and any of Seller's Affiliates, are prohibited from engaging Buyer's independent auditor for any services or in any consulting agreement without the express written consent of partner in charge of Buyer's independent audit.

13.5 Entire Agreement. This Agreement, together with the Cover Sheet and each and every appendix, attachment, amendment, schedule and any written supplements hereto, if any, between the Parties constitutes the entire agreement between the Parties.

13.6 Recording. Unless a Party expressly objects to a Recording (defined below) at the beginning of a telephone conversation, each Party consents to the creation of a tape or electronic recording (“Recording”) of all telephone conversations between the Parties to this Agreement, and that any such Recordings will be retained in confidence, secured from improper access, and may be submitted in evidence in any proceeding or action relating to this Agreement. Each Party waives any further notice of such monitoring or recording, and agrees to notify its officers and employees of such monitoring or recording and to obtain any necessary consent of such officers and employees.

13.7 Forward Contract. The Parties acknowledge and agree that this Agreement constitutes a “forward contract” within the meaning of the United States Bankruptcy Code.

13.8 Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

13.9 Attorneys’ Fees. In any proceeding brought to enforce this Agreement or because of the breach by any Party of any covenant or condition herein contained, the prevailing Party shall be entitled to reasonable attorneys’ fees (including reasonably allocated fees of in-house counsel) in addition to court costs and any and all other costs recoverable in said action.

13.10 General. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Except to the extent provided for herein, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound to this Agreement). Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. The headings used herein are for convenience and reference purposes only. This Agreement shall be binding on each Party’s successors and permitted assigns.

13.11 Severability. If any provision in this Agreement is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement and the Parties shall use their best efforts to modify this Agreement to give effect to the original intention of the Parties.

13.12 Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by fax will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Agreement by facsimile will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

13.13 Notices. Whenever this Agreement requires or permits delivery of a “Notice” (or requires a Party to “notify”), the Party with such right or obligation shall provide a written communication delivered personally, by a nationally recognized overnight courier, mailed by registered or certified mail (return receipt requested), or by facsimile or e-mail (if facsimile numbers or e-mail addresses are identified on the Cover Sheet or by subsequent Notice) to the receiving Party at the addresses identified on the Cover Sheet (or at such other addresses as such receiving Party shall identify by like Notice to the other Party); provided, however, that notices of Outages or other Scheduling or dispatch information or requests, shall be provided in accordance with the terms set forth in the relevant section of this Agreement. Invoices may be sent by facsimile or e-mail (if facsimile numbers or e-mail addresses are identified on the Cover Sheet or by subsequent Notice). A Notice delivered in accordance herewith shall be deemed received (i) on the date of delivery, if hand delivered, (ii) two Business Days after the date of sending, if sent by a nationally recognized overnight courier, or at such earlier time as is confirmed by the receiving Party, (iii) three Business Days after the date of mailing, if mailed by registered or certified mail, return receipt requested, or at such earlier time as is confirmed by the receiving Party, and (iv) on the Business Day on which such Notice was transmitted by facsimile transmission or e-mail (where permitted); provided, however, that a Notice delivered in accordance with this Section but received on any day other than a Business Day or after 5:00 p.m. in the place of receipt will be deemed received on the next Business Day. Each Party shall provide Notice to the other Party of the persons authorized to nominate and/or agree to a Schedule or Dispatch Order for the delivery or acceptance of the Product or make other Notices on behalf of such Party and specify the scope of their individual authority and responsibilities, and may change its designation of such persons from time to time in its sole discretion by providing Notice.

13.14 Mobile Sierra. Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall 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 US 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 US 348 (1956) and clarified by *Morgan Stanley Capital Group Inc. v. Pub. Util. Dist. No. 1 of Snohomish County*, 128 S. Ct. 2733 (2008).

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

[_____]
a [_____]

SAN DIEGO GAS & ELECTRIC
COMPANY
a California corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Exhibit A

PROJECT DESCRIPTION INCLUDING DESCRIPTION OF SITE

PROJECT DESCRIPTION

Project name: _____

Project Site name: _____

Project physical address: _____

Total number of electric generating units at the Project (committed and not committed to Buyer) _____

Technology Type: _____

Point of Interconnection of the Project (Substation and PNode): _____

The term "Site" as defined in the Agreement means the following parcel description upon which the Project is located:

Latitude and Longitude of Project: _____.

The nameplate capacity of the Project is: _____.

[For Excess Sales bids: include details on onsite load estimates and meter configuration (if CAISO meter reflects subtraction of customer onsite load from Project output.)

[INSERT MAP]

The electric generating units utilized as generation assets as part of the Project are described below:

<u>Project Specifications</u>	
<u>Project Size (MWdc)</u>	
<u>Mounting technology</u>	
<u>Module model</u>	
<u>Module size (W)</u>	
<u>Number of modules</u>	
<u>Inverter model</u>	
<u>Inverter size (kW)</u>	
<u>Number of inverters</u>	
<u>Medium voltage transformer (M.V.T.) size</u>	
<u>Number of M.V.T.s</u>	
<u>Step-up transformer (S.T.) size</u>	
<u>Number of S.T.s</u>	

Exhibit B

MILESTONE SCHEDULE

	<i>Date</i>	<i>Project Name</i>
1.		Obtains control of all lands and rights-of-way comprising the Site.
2.		Files a CEC Pre-Certification and Verification application.
3.		Files CEQA/NEPA application with appropriate agency(ies).
4.		Executes interconnection agreement and/or transmission agreement and receives FERC approval.
5.		Obtain a final draft of the amendment to the Generator Interconnection Agreement which allows the Project to achieve FCDS. [To be included for Energy Only interconnection agreements which bid FCDS.]
6.		Receives CEQA/NEPA approval/permit
7.		Executes a supply contract.
8.		Executes an Engineering, Procurement and Construction (“EPC”) contract.
9.		Delivers full NTP under EPC contract and begins construction of the Project.
10.		[For all Projects other than Projects located outside of the CAISO: Executes Meter Service Agreement and Participating Generator Agreement.] [For Projects located outside of the CAISO: Executes or causes to be executed all Pseudo Tie Agreements.]
11.		Delivers Energy to the Transmission Provider to which the Project is physically interconnected.
12.		Receives all Governmental Approvals necessary to achieve COD.
13.		Receives CEC Certification and Verification.

Exhibit C

FORM OF LETTER OF CREDIT

[DATE]

To: San Diego Gas & Electric Company
555 W. Fifth Street
Mail Code: ML 18A3
Los Angeles, CA 90013

Re: Our Irrevocable Standby Letter of Credit No. _____
In the Amount of US _____

Ladies and Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Beneficiary] (“Beneficiary”), by order and for account of [name of Applicant] (“Applicant”), [address of Applicant], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1- Statement signed by a person purported to be an authorized representative of Beneficiary stating that: “[name of Applicant] (“Applicant”) is in default under the [DAC-GT/CSGT/GTSR/ECR] Power Purchase Agreement between Beneficiary and Applicant dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Beneficiary and Applicant, or otherwise). The amount due to Beneficiary is U.S. \$_____.”

or

2- Statement signed by a person purported to be an authorized representative of Beneficiary stating that: “[name of Applicant] (“Applicant”) has forfeited all or part of its CPUC Approval Security or Development Period Security as set forth and defined in the [DAC-GT/CSGT/GTSR/ECR] Power Purchase Agreement between Beneficiary and Applicant dated _____. The amount due to Beneficiary, whether or not a default has occurred, is U.S. \$_____.”

or

3- Statement signed by a person purported to be an authorized representative of Beneficiary stating that: “as of the close of business on [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit

beyond its current expiry date. The amount due to Beneficiary, whether or not a default has occurred, is U.S. \$_____.”

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Applicant.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 or 3 above is acceptable. Notwithstanding anything to the contrary herein, any drawing hereunder may be requested by transmitting the requisite documents as described above to us by facsimile at _____ or such other number as specified from time to time by us. The facsimile transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Beneficiary that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1, 2, or 3 above. If a document is so presented by 1:00 pm on any New York banking day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce, Publication No. 600 (“UCP”), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall

govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)

Exhibit D

COMMERCIAL OPERATION CERTIFICATE

The undersigned, _____ (“EPC Contractor”), _____ (“Renewable Generation Equipment Supplier”), _____ (“Licensed Professional Engineer”) and [_____] (“Owner”) make the following certifications to San Diego Gas & Electric Company (“SDG&E”), dated as of _____. All capitalized terms not otherwise defined herein shall have the meaning given to them in the [DAC-GT/CSGT/GTSR/ECR] Power Purchase Agreement dated _____ between Owner and SDG&E (the “Agreement”).

Renewable Generation Equipment Supplier hereby certifies that:

1. The [_____] comprising the Project have been erected and installed at the project site and have been commissioned as required under the Supply and Installation Agreement (“[_____] Supply Agreement”) dated as of _____, by and between Renewable Generation Equipment Supplier and Owner and each such [_____] has passed the performance testing required to be performed pursuant to the [_____] Supply Agreement.
2. The Warranty Period under the Warranty Agreement (“Warranty Agreement”) dated as of _____, by and between Renewable Generation Equipment Supplier and Owner has commenced.

EPC Contractor hereby certifies that:

All requirements necessary to achieve [Commercial Operation/Substantial Completion] as set forth in the agreement between the EPC Contractor and Owner dated _____ (“EPC Contract”) have been completed and the Project has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [minimum performance guarantees].

Owner hereby certifies that:

1. Except for punch list items that would not materially affect the performance, reliability or safe operation of the Project, the Project has been completed in accordance with all applicable specifications and is ready for continuous commercial operation in compliance with all applicable laws and governmental approvals. The Project has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [insert minimum performance guarantees], and complete test reports have been submitted to Buyer.
2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner and _____ dated as of _____ has commenced.

3. Owner has a valid leasehold or real property interest in the Project Site for a term of at least [] years from the Commercial Operation date.
4. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Project to be received at the Delivery Point.
5. Owner has obtained all governmental approvals necessary for the continuous commercial operation of the Project and the Project is in compliance with all such governmental approvals and all other applicable laws.
6. The Contract Capacity of the Project is [] MWac and [] MWdc at [] conditions.

Licensed Professional Engineer certifies that:

1. We have read the Agreement, the [] Supply Contract, and the EPC Contract and we understand the requirements for Commercial Operation under the Agreement, the specifications and performance testing requirements under the [] Supply Contract, and the requirements for [Commercial Operation/Substantial Completion] under the EPC Contract.
2. We have reviewed the material and data made available to us by the Owner, the Renewable Generation Equipment Supplier, and the EPC Contractor for the Project.
3. To the extent practical, we have reviewed the engineering, procurement, construction and performance testing for the Project and in the course of this review we have not discovered any material errors or omissions in the work performed to date.
4. We have reviewed the certificates of Owner, Renewable Generation Equipment Supplier, and EPC Contractor above, and find the representations provided to be correct in all material respects.
5. We have reviewed all Governmental Approvals and permits identified by the Owner as being required for the construction and operation of the Project and are of the opinion that the Project as completed is in compliance in all material respects with the environmental and technical requirements contained therein.
6. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of the opinion that, as of, Commercial Operation has occurred as defined in the Agreement.

Executed this ____ day of ____, 20__

**RENEWABLE GENERATION EQUIPMENT
SUPPLIER**

**[Name of Renewable Generation Equipment
Supplier]**

a _____ corporation

By: _____

Name:

Title:

EPC CONTRACTOR

[Name of EPC Contractor]

a _____ corporation

By: _____

Name:

Title:

OWNER

[Name of Owner]

a _____ limited liability company

By: _____

Name:

Title:

LICENSED PROFESSIONAL ENGINEER:

[Name of Licensed Professional Engineer]

a _____

By: _____

Name:

Title:

ACCEPTED BY SAN DIEGO GAS & ELECTRIC COMPANY

By: _____

Name: _____

Title: _____

Date: _____

Exhibit E

CONSENT AND AGREEMENT

This CONSENT AND AGREEMENT (“Consent”) is entered into as of [Date] among San Diego Gas & Electric Company (“SDG&E”), [_____] (the “Assignor”), and [Name of Lender/Agent for the Financing Parties] (the “Assignee”).

RECITALS

WHEREAS, pursuant to the RAM Power Purchase Agreement made as of [Date] (the “Assigned Agreement”), between the Assignor and SDG&E, SDG&E has agreed to purchase output from the Assignor’s [_____] MW [_____] electric generating facility] (the “Project”) as further specified in therein;

WHEREAS, pursuant to a [Security Agreement] dated as of [Date] (the “Security Agreement”), the Assignor has granted to the Assignee a lien on and a security interest in, to and under all of its right, title and interest in the Assigned Agreement, as collateral security for the Assignor’s obligations under that certain [Credit Agreement] dated as of the date of the Security Agreement among the Assignor, [_____] (“Lenders”) and the related financing documents (the “Credit Agreement” and collectively, the “Financing Documents”) pursuant to which the Lenders have agreed to loan funds to the Assignor in connection with the Project.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Any capitalized term used but not defined herein shall have the meaning specified for such term in the Assigned Agreement.

Section 2. Consent to Assignment.

(a) Under the terms and conditions set forth in this Consent, SDG&E hereby consents to (i) the assignment by the Assignor of all its right, title and interest in, to and under the Assigned Agreement to the Assignee, as collateral security for the obligations as and to the extent provided in the Security Agreement, and (ii) the assignment by the Assignor to any transferee or assignee of, or successor to, the Assignee (provided that any transferee or nominee satisfies the requirements of Article 8 (*credit support*) of the Assigned Agreement and is otherwise a Qualified Transferee. “Qualified Transferee” shall mean any transferee or assignee of, or successor to, the Assignee that (x) has (or has entered into contracts for the provision of services with an entity that has) substantial experience in the construction and/or operation of [wind/geothermal/solar generating facilities] of a type similar to the Project and (y) has the financial capability to perform under the Assigned Agreement (taking into account the fact that such transferee or nominee may be a special purpose vehicle whose sole asset may be the Project), in each case as reasonably determined by SDG&E.

(b) The Assignor agrees that it shall remain liable to SDG&E for all obligations of the Assignor under the Assigned Agreement, notwithstanding the collateral assignment contemplated in the Security Agreement.

(c) If the Assignee elects to exercise its remedies under the Security Agreement to foreclose on its lien in the Assigned Agreement, the Assignee shall notify SDG&E pursuant to Section 6(f) of this Consent. Upon completion of such foreclosure, the Assignee (or its permitted assignee or transferee or successor thereof) (i) shall be entitled to all of the benefits of the Assigned Agreement, (ii) shall assume in writing and be liable for each and every duty, obligation and liability of the Assignor under the Assigned Agreement, including but not limited to the duties and obligations that arose or accrued prior to the date of execution of this Consent, and (iii) shall cure any and all then existing Seller Events of Default that have arisen prior to the date of the assumption of the Assigned Agreement by Assignee (or its permitted assignee or transferee or successor thereof) except for any Seller Events of Default that, by their nature, are not capable of being cured by Assignee (or its permitted assignee or transferee or successor thereof).

Section 3. Representations and Warranties. SDG&E hereby represents and warrants to the Assignee that, as of the date of this Consent:

(a) The execution and delivery by SDG&E of the Assigned Agreement and this Consent, and the performance by SDG&E of its obligations under the Assigned Agreement and this Consent, have been duly authorized by all necessary corporate action, and do not and will not require any further consents or approvals which have not been obtained, or violate any provision of any law, regulation, order, judgment, injunction or similar matters or breach any material agreement presently in effect with respect to or binding upon SDG&E.

(b) All government approvals necessary for the execution and delivery by SDG&E of the Assigned Agreement and this Consent, and the performance by SDG&E of its obligations under the Assigned Agreement and this Consent, have been obtained and are in full force and effect.

(c) This Consent and the Assigned Agreement have been duly executed and constitute legal, valid and binding obligations of SDG&E, enforceable against it in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights generally or by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law, or by principles of public policy.

(d) To the knowledge of SDG&E, the Assignor is not in default under any material covenant or obligation under the Assigned Agreement, and no events have occurred that, with the giving of notice or the passage of time, would constitute a default by the Assignor under the Assigned Agreement, and the Assigned Agreement is in full force and effect and has not been amended.

Section 4. Consent and Agreement.

SDG&E and the Assignor hereby agree that, so long as any obligations of the Assignor under the Credit Agreement and the Security Agreement remain outstanding:

(a) No Material Amendments. SDG&E and the Assignor will not enter into any material amendment, supplement or other modification of the Assigned Agreement (an "Amendment") until after the Assignee has been given at least fifteen (15) Business Days' prior written notice of the proposed Amendment by the Assignor (a copy of which notice will be provided to SDG&E by the Assignor), and will not then enter into such Amendment if SDG&E has, within such fifteen (15) Business Day period, received a copy of (a) the Assignee's objection to such Amendment or (b) the Assignee's request to the Assignor for additional information with respect to such Amendment.

(b) Notices of Default and Right to Cure.

(i) SDG&E shall deliver to the Assignee at the address set forth on the signature pages hereof, or at such other address as the Assignee may designate in writing from time to time to SDG&E, concurrently with the delivery thereof to the Assignor, a copy of each notice of default under the Assigned Agreement. Notwithstanding anything to the contrary contained in the Assigned Agreement, such notice shall be coupled with an opportunity to cure any such default within the longer of the cure period available to the Assignor in the Assigned Agreement or thirty (30) days after notice thereof (except with respect to payment defaults, which cure must be made within five (5) Business Days after the last day of the cure period available to the Assignor in the Assigned Agreement with respect to payment defaults), such cure period shall commence upon receipt of notice by the Assignee). If possession of the Facility is necessary to cure any Default by the Assignor under the Assigned Agreement, and the Assignee commences foreclosure proceedings against the Assignor, the Assignee will be allowed an additional sixty (60) days to complete such proceedings. In order for the Assignee to cure a default under Section 5.1(d) of the Assigned Agreement, the Assignee shall secure, as soon as reasonably practical after such default, an order from the court (the "Bankruptcy Court") administering the proceeding under which the Assignor is a debtor in a proceeding under Title 11 of the United States Code, as amended (the "Bankruptcy Code") in a form reasonably acceptable to SDG&E which authorizes (a) the Assignor to pledge collateral to secure the Assignor's obligations under the Assigned Agreement (whether by the maintenance or provision of a Letter of Credit or otherwise) whether such obligations arose prior or following the Section 5.1(d) default of the Assigned Agreement, (b) the right of SDG&E to terminate the Assigned Agreement upon a subsequent default and expiration of cure periods described herein with respect to the Assignor (including, without limitation, the conversion of a case under Chapter 11 of the Bankruptcy Code to a case under Chapter 7 of the Bankruptcy Code), and to exercise rights of netting or setoff of obligations upon such termination, in each case without regard to Section 362 of the Bankruptcy Code and without regard to whether the amounts to be netted or setoff were incurred pre-petition or post-petition, (c) that the rights of SDG&E specified in the foregoing clause (b) not be subject to being modified, stayed, avoided or otherwise limited by any further order of the Bankruptcy Court or any court proceeding under the Bankruptcy Code, and (d) the assumption by Assignor of the Assigned Agreement (a "Bankruptcy Order"). It being further understood that if such Bankruptcy Order is not timely obtained, Buyer shall have

the right to declare an Early Termination Date in accordance with Article 5 of the Assigned Agreement.

(ii) Except to the extent that automatic cancellation, suspension or termination occurs pursuant to the Assigned Agreement, no cancellation, suspension or termination of the Assigned Agreement by SDG&E, shall be binding upon the Assignee without such notice and the opportunity to cure during the applicable extended cure periods specified in this Section 4(b). If the Assignee fails to cure or rectify the effect of a default within the extended cure periods specified in this Section 4(b), SDG&E shall have all its rights and remedies with respect to such default, action or omission as set forth in the Assigned Agreement.

(c) **Payments to Designated Account.** The Assignor and SDG&E acknowledge and agree that all payments to be made by SDG&E to the Assignor (if any) under the Assigned Agreement shall be made in lawful money of the United States of America in immediately available funds, to the following account:

[name and details for account designated by the Assignee]

or to such other person or entity and/or at such other address as the Assignee may from time to time specify in writing to SDG&E. In making such payments, SDG&E shall be entitled to rely conclusively on instructions that it may receive from time to time from the Assignee without any duty to make inquiry into the authority of the Assignee to give such instructions or the authenticity of any signatures placed upon such instructions.

Section 5. Damages Limitation.

NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY UNDER THIS CONSENT FOR ANY CONSEQUENTIAL, EXEMPLARY, PUNITIVE, REMOTE, OR SPECULATIVE DAMAGES OR LOST PROFITS.

Section 6. Miscellaneous.

(a) This Consent shall be binding upon the successors and permitted assigns of each party and shall inure, together with the rights and remedies of the Assignee hereunder, to the benefit of the successors and permitted assigns of the parties hereto, including the Financing Parties and their respective permitted successors, transferees and assigns.

(b) No amendment or waiver of any provisions of this Consent or consent to any departure by any party hereto from any provisions of this Consent shall in any event be effective unless the same shall be in writing and signed by the Assignee and SDG&E.

(c) This Consent shall be governed by, and construed under, the laws of the State of California applicable to contracts made and to be performed in such State and without reference to conflicts of laws. The parties hereto agree that any legal action or proceeding arising out of this Consent may be brought in the courts of the State of California, in and for the County of San Diego, or of the United States of America for the Southern District of California. By execution and delivery of this Consent, the parties hereto accept, for themselves and in

respect of their property, generally and unconditionally, the jurisdiction of the aforesaid courts. The parties hereto irrevocably consent to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified airmail, postage prepaid, to the Assignee, SDG&E and the Assignor, as the case may be, at their respective addresses for notices as specified herein and that such service shall be effective five (5) business days after such mailing. Nothing herein shall affect the right to serve process in any other manner permitted by law or the right of the Assignee or SDG&E to bring legal action or proceedings in any other competent jurisdiction. The parties hereto hereby waive any right to stay or dismiss any action or proceeding under or in connection with any or all of this Consent or the transactions contemplated hereby brought before the foregoing courts on the basis of *forum non-conveniens*.

(d) EACH OF SDG&E, THE ASSIGNEE AND THE ASSIGNOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS CONSENT AND AGREEMENT.

(e) This Consent may be executed in one or more counterparts with the same effect as if such signatures were upon the same instrument. This Consent may be delivered by facsimile transmission.

(f) All notices to be given under this Consent shall be in writing and shall be delivered personally, sent by certified mail return receipt requested or registered first-class mail, postage prepaid, or sent by facsimile, or courier to the intended recipient at its address as set forth on the signature pages below, and all payments to be made under this Consent shall be made by wire transfer of immediately available funds or check representing immediately collectible funds to the account or address of the intended recipient as set forth on the signature pages hereto, unless the recipient has given notice of another address or account for receipt of notices or payments.

(g) This Consent shall terminate in its entirety upon the earlier of (i) the indefeasible payment in full in cash of all obligations of the Assignor under the Credit Agreement, and (ii) the termination of the Credit Agreement in accordance with the terms thereof and the terms of this Consent. The Assignee agrees to give prompt written notice to the Assignor and SDG&E of the occurrence of either such event.

(h) The captions or headings at the beginning of each Section of this Consent are for convenience only and are not a part of this Consent.

IN WITNESS WHEREOF, each of SDG&E, the Assignee and the Assignor has duly executed this Consent and Agreement as of the date first above written.

SAN DIEGO GAS & ELECTRIC
COMPANY

By: _____
Name:
Title:

[Address for Notices:]

[ASSIGNOR]

By: _____
Name:
Title:

[Address for Notices:]

[ASSIGNEE]

By: _____
Name:
Title:

[Address for Notices:]

Exhibit F

FORM OF QUARTERLY PROGRESS REPORT

**Quarterly Progress Report
of**

[_____]

(“Seller”)

**provided to
San Diego Gas & Electric Company**

[Date]

Table of Contents

[Insert Table of Contents]

1.0 Instructions.

All capitalized terms used in this report shall have the meanings set forth below and any capitalized terms used in this report which are not defined below shall have the meanings ascribed thereto in the [DAC-GT/CSGT/GTSR/ECR] Power Purchase Agreement by and between _____ (“Seller”) and San Diego Gas & Electric Company dated _____, _____ (the “Agreement”).

Seller shall review the status of each significant element of the Project schedule and Seller shall identify such matters referenced in clauses (i)-(v) below as known to Seller and which in Seller’s reasonable judgment are expected to adversely affect the Project or the Project schedule, and with respect to any such matters, shall state the actions which Seller intends to take to ensure that Conditions Precedent and the Milestones will be attained by their required dates. Such matters may include, but shall not be limited to:

(i) Any material matter or issue arising in connection with a Governmental Approval, or compliance therewith, with respect to which there is an actual or threatened dispute over the interpretation of a law or regulation, actual or threatened opposition to the granting of a necessary Governmental Approval, any organized public opposition, any action or expenditure required for compliance or obtaining approval that Seller is unwilling to take or make, or in each case which could reasonably be expected to materially threaten or prevent financing of the Project, attaining any Condition or Milestone, or obtaining any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or which otherwise reasonably could be expected to materially threaten Seller’s ability to attain any Condition or Milestone;

(ii) Any development or event in the financial markets or the independent power industry, any change in taxation or accounting standards or practices or in Seller’s business or prospects which reasonably could be expected to materially threaten financing of the Project, attainment of any Condition or Milestone or materially threaten any contemplated agreements with other parties which are necessary for attaining any Condition or Milestone or could otherwise reasonably be expected to materially threaten Seller’s ability to attain any Condition or Milestone;

(iii) A change in, or discovery by Seller of, any legal or regulatory requirement which would reasonably be expected to materially threaten Seller’s ability to attain any Condition or Milestone;

(iv) Any material change in the Seller’s schedule for initiating or completing any material aspect of Project;

(v) The status of any matter or issue identified as outstanding in any prior Quarterly Report and any material change in the Seller’s proposed actions to remedy or overcome such matter or issue.

Seller shall complete, certify, and deliver this form Quarter Quarterly Progress Report to [_____] , together with all attachments and exhibits, with [3] copies of the Report delivered to [_____] and [_____].

2.0 Executive Summary.

2.1 Major activities to be performed for each aspect of the Project during the current calendar quarter.

Please provide a brief summary of the Major² activities to be performed for each of the following aspects of the Project during the current calendar quarter:

- 2.1.1 Design
- 2.1.2 Engineering
- 2.1.3 Major Equipment procurement
- 2.1.4 Construction
- 2.1.5 Milestone report
- 2.1.6 Permitting (See Section 3.0)

2.2 Major activities scheduled to be performed in the previous calendar quarter but not completed as scheduled.

Please provide a brief summary of the Major activities which were scheduled to be performed in the previous calendar quarter and their status, including those activities that were not completed as scheduled:

- 2.2.1 Design
- 2.2.2 Engineering
- 2.2.3 Major Equipment procurement
- 2.2.4 Construction
- 2.2.5 Milestone report

² For Purposes of this Report, “Major” shall mean any activity, event, or occurrence which may have a material adverse impact on the construction of the Facility or completion of the Project on a timely basis if such activity, event, or occurrence occurs or if such activity, event, or occurrence fails to occur as anticipated or scheduled, which material adverse impact includes, but is not limited to, Seller’s inability to achieve a Milestone Date.

2.2.6 Permitting

3.0 Permitting.

The following describes each of the major Governmental Approvals required for the construction of the Project and the status of each:

3.1 State and/or federal Governmental Approvals.

Please describe each of the Major state and/or federal Governmental Approval (including the Permit to Construct issued by the San Diego County Air Pollution Control District) to be obtained by Seller (or EPC Contractor) and the status of each.

DESCRIPTION	STATUS

3.2 Local and/or county Governmental Approvals.

Please describe each of the Major local and/or county Governmental Approvals to be obtained by Seller and the status of each.

DESCRIPTION	STATUS

3.3 Permitting activities which occurred during the previous calendar quarter.

Please list all permitting activities which occurred during the previous calendar quarter.

3.4 Permitting activities occurring during the current calendar quarter.

Please list all permitting activities which are expected to occur during the current calendar quarter.

3.5 Permitting Notices received from EPC Contractor.

Please attach to this Quarterly Progress Report copies of any notices related to permitting activities received from EPC Contractor during the previous calendar quarter.

4.0 Design Activities.

4.1 Table of design schedule to be followed by Seller and its subcontractors.

The following table lists the design schedule to be followed by Seller and its subcontractors.

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

4.2 Design activities to be performed during the current calendar quarter.

Please explain in detail the design activities which are expected to be performed during the current calendar quarter.

4.3 Table of design activities completed during the previous calendar quarter.

Please explain in detail the design activities which were completed during the previous calendar quarter.

5.0 Engineering Activities.

5.1 Table of engineering schedule to be followed by Seller and its subcontractors.

The following table lists the engineering schedule to be followed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE

5.2 Engineering activities to be performed during the current calendar quarter.

Please explain in detail the engineering activities which are expected to be performed during the current calendar quarter.

5.3 Engineering activities completed during the previous calendar month.

Please explain in detail the engineering activities which were completed during the previous calendar quarter.

5.4 Three-month look-ahead engineering schedule.

Please provide a three-month look ahead engineering schedule.

6.0 Major Equipment Procurement.

6.1 Table of major equipment to be procured by Seller and its subcontractors.

The following table lists major equipment to be procured by Seller and its subcontractors:

EQUIPMENT DESCRIPTION	MANUFACTURER	MODEL	CONTRACTED DELIVERY DATE	ACTUAL DELIVERY DATE	PROJECTED INSTALLATION DATE	ACTUAL INSTALLATION DATE

6.2 Major Equipment procurement activities to be performed during the current calendar quarter.

Please explain in detail the major equipment procurement activities which are expected to be performed during the current calendar quarter.

6.3 Major Equipment procurement activities completed during the previous calendar quarter.

Please explain in detail the major equipment procurement activities which were completed during the previous calendar quarter.

7.0 Construction Activities.

7.1 Table of construction activities to be performed by Seller and its subcontractors.

The following tables lists construction activities to be performed by Seller and its subcontractors:

ACTIVITY	CONTRACTOR/ SUBCONTRACTOR	SCHEDULED COMPLETION DATE	ACTUAL COMPLETION DATE
Civil Progress			
Structural Progress			
[Steam] Generator Progress			
Piping Progress			
IC and Electrical Progress			
Subcontractor Progress			

7.2 Construction activities to be performed during the current calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the current calendar quarter.

7.3 Construction activities completed during the previous calendar quarter.

Please explain in detail the construction activities which are expected to be performed during the previous calendar quarter.

7.4 EPC Contractor Monthly Progress Report.

Please attach a copy of the Monthly Progress Reports received during the previous calendar quarter from the EPC Contractor pursuant to the EPC Contract, certified by the EPC Contractor as being true and correct as of the date issued.

7.5 Three-month look-ahead construction schedule.

Please provide a three-month look ahead construction schedule.

8.0 Milestones.

8.1 Milestone schedule.

Please state the status and progress of each Milestone and identify any completed Milestone(s) for the previous calendar quarter.

8.2 Remedial Action Plan (applicable if Seller fails to achieve Milestone by the Milestone Date).

Please explain in detail each of the following aspects of Seller's remedial action plan:

8.2.1 Missed Milestone

8.2.2 Plans to achieve missed Milestone

8.2.3 Plans to achieve subsequent Milestone

8.2.4 Delays in engineering schedule

Please explain in detail any delays beyond the scheduled Milestone Dates stated in Section 5.1, any impact from the delays on the engineering schedule, and Seller's plans to remedy such impact.

8.2.5 Delays in Major Equipment procurement

Please explain in detail any delays beyond the contracted delivery date and/or the projected installation date stated in Section 6.1, any impact from the delays on Major Equipment procurement schedule, and Seller's plans to remedy such impact.

8.2.6 Delays in construction schedule

Please explain in detail any delays beyond the scheduled completion dates stated in Section 7.1, any impact from the delays on the construction schedule, and Seller's plans to remedy such impact.

9.0 Safety and Health Reports

9.1 Please list all accidents from the previous calendar quarter:

9.2 Any work stoppage from the previous calendar quarter:

9.3 Work stoppage impact on construction of the Project:

I, _____, on behalf of and as an authorized representative of, do hereby certify that any and all information contained in the attached Seller's Quarterly Progress Report is true and accurate, and reflects, to the best of my knowledge, the current status of the construction of the Project as of the date specified below.

By: _____

Name: _____

Title: _____

Date: _____

RPS Project Development Status Report

Project Name
Date

Date of Latest Construction Progress Report from Counterparty:

Project Owner/Counterparty:

Technology:

Capacity (MW):

Annual Energy (GWh/year):

On-Line Date:

Term/Duration (years):

Construction Start Date:

Point of Delivery:

Location:

Status At-A-Glance

The below to be filled in w/ either: Completed, Acceptable, Unknown, or Concern. See Section B for a description of milestones. When the answer is "Concern" the milestone should be flagged with a notation number where additional detail is provided in Section A.

Milestones	Status	Initial Completion Date	Projected Completion Date
Fuel/Resource Supply:			
Financing:			
Corporate Financing			
Project Financing			
Site Control (100%):			
Permitting:			
Engineering:			
Major Equipment Procurement:			
Construction:			
Startup Testing and Commissioning:			
Transmission:			

Transmission - Detail (see Section C)

Dependent Transmission Upgrade(s):

Scheduled Completion:

Point of Interconnection:

Early Interconnection:

Gen-Tie Length:

Gen-Tie Voltage:

ISO Queue Position:

Feasibility Study (FS):

System Impact Study (SIS):

Facilities Study (FAS):

Remedial Action Plan:

Additional Comments:

Date of Preparation:

Exhibit G

OUTAGE NOTIFICATION FORM

OUTAGE NOTIFICATION FORM

This form may be used to comply with CAISO's outage notification requirements for both planned and forced outages. Report outages as soon as possible by submitting form via email to TSched@SempraUtilities.com or via fax at (858) 650-6191.

Request Type:

New Scheduled Maintenance Outage ▼

Previous Notification (if applicable)

Date Sent: mm/dd/yyyy
Time Sent: hh:mm

Generator Name: _____

Location Code: _____

Address: _____

Contact Name: _____

Phone Number: _____

Email: _____

Alternate Name: _____

Alternate Number: _____

Email: _____

(For times, use 24hr format)

Today's Date: mm/dd/yyyy

Current Time: hh:mm

Outage Start Date: mm/dd/yyyy

Outage Start Time: hh:mm

Outage End Date: mm/dd/yyyy

Outage End Time: hh:mm

Outage Duration: _____

MW Available During Outage: _____

MW Unavailable During Outage: _____

RMR Unit? Yes/No

System (Select One)

Boiler Codes 0010-1999

Generator Codes 4500-4899

Regulatory, Safety, Environmental Codes 9504-9720

Balance of Plant Codes 3110-3999

Pollution Control Equipment Codes 8000-8835

Others Codes 9900-9999

Steam Turbine Codes 4000-4499

External Codes 9000-9040

Cause Code Ranges / Affected Component

(Select One)

Cause Code / Component Problem

(Select One)

Comments

Multiple horizontal lines for entering comments.

Exhibit H

PROJECT OPERATING RESTRICTIONS

Operational characteristics of the Project must be equal to or greater than the resource flexibility reflected in the resource Master File, as such term is defined in the CAISO Tariff. Buyer may request that CAISO modify the Master File for the Project to reflect the findings of a CAISO audit of the Project and to ensure that the information provided by Seller is true and accurate. Seller agrees to coordinate with Buyer and any third party Scheduling Coordinator to ensure all information provided to the CAISO regarding the operational and technical constraints in the Master File for the Project are accurate and are actually based on physical characteristics of the resource. The Parties agree to make reasonable modifications to this Exhibit H to modify existing operating restrictions or add additional operating restrictions that may be necessary to address changes in the CAISO Tariff or applicable Law applicable to the Products provided from this Project.

- Nameplate capacity of the Project: ____MW
- Minimum operating capacity: ____MW
- Advance notification required for a Dispatch Notice: ____
- Ramp Rate: ____MW/minute

Exhibit I
INSURANCE

In connection with Seller's performance of its duties and obligations under this Agreement, Seller shall maintain, from the CP Satisfaction Date until the end of the term of this Agreement, general liability insurance with a combined single limit of not less than Two million dollars (\$2,000,000) for each occurrence.

Such general liability insurance shall include coverage for "Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including Completed Operations."

The general liability insurance required herein shall, by endorsement to the policy or policies, (a) include Buyer as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that Buyer shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days' written notice to Buyer prior to cancellation, termination, alteration, or material change of such insurance.

Evidence of the insurance required herein shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by Buyer.

Seller agrees to furnish the required certificates and endorsements to Buyer prior to initial deliveries of test energy. Buyer shall have the right to inspect or obtain a copy of the original policy or policies of insurance.

If Seller is self-insured with an established record of self-insurance, Seller may comply with the following in lieu of the third-party insurance if:

- (a) Seller shall provide to Buyer, at least thirty (30) calendar days prior to the date of initial deliveries of test energy, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required by third party insurance providers as stated herein.
- (b) If Seller ceases to self-insure to the level required hereunder, or if Seller is unable to provide continuing evidence of Seller's ability to self-insure, Seller agrees to immediately obtain the third-party insurance coverage required hereunder.

All insurance certificates, statements of self-insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued, clearly labeled with agreement ID number and submitted to the following:

San Diego Gas & Electric Company
Attention: Director, Procurement and Portfolio Design
Address: 8315 Century Park Court, CP21D
City: San Diego, CA 92123



**MARKET OFFER SALES MODEL PPA
(BUNDLED PRODUCT)**

**[LONG-TERM / SHORT-TERM] MARKET OFFER SALES
MODEL PPA (BUNDLED PRODUCT) CONFIRMATION
BETWEEN
SAN DIEGO GAS & ELECTRIC COMPANY
AND
[INSERT NAME]**

This confirmation letter ("Confirmation") confirms the Market Offer transaction pursuant to Decision (D.)21-05-030 ("Transaction") between **San Diego Gas & Electric Company** ("Seller" or "SDG&E" "Party B") and _____ ("Buyer" or "Party A"), each individually a "Party" and together the "Parties", effective as of _____, (the "Confirmation Effective Date"). This Transaction is governed by the **[SELECT: WSPP Agreement** effective as of June 21, 2018 (the "WSPP Agreement"); Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEI Agreement")], along with any amendments and annexes executed between the Parties thereto (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement, Tariff or RPS (as defined below). If any term in this Confirmation conflicts with the Master Agreement, the definitions set forth in this Confirmation shall supersede. *[Note: additional conforming changes may be required if this Transaction is governed by the EEI Agreement]*

CONTACT INFORMATION

Contact Information:	Name: [INSERT] ("<u>Buyer</u>")	Name: San Diego Gas & Electric Company ("<u>Seller</u>")
	<p align="center">All Notices:</p> <p>Attn: Phone: Facsimile: Duns: Federal Tax ID Number:</p>	<p align="center">All Notices:</p> <p>San Diego Gas & Electric Company 8315 Century Park Court San Diego, CA Zip: 92123 Attn: Electric & Fuel Procurement Contract Administration Phone: (858) 650-5536 Facsimile: (858) 650-6190 Duns: 006911457 Federal Tax ID Number: 95-1184800</p>
	<p align="center">Invoices:</p>	<p align="center">Invoices:</p> <p>San Diego Gas & Electric Company 8315 Century Park Ct. San Diego, California 92123-1593 Attn: Energy Accounting Manager Phone: (858) 650-6177 Facsimile: (858) 650-6190</p>
	<p align="center">Wire Transfer:</p>	<p align="center">Wire Transfer:</p> <p>BNK: Union Bank of California for: San Diego Gas & Electric Company ABA: Routing # 122000496 ACCT: #4430000352 Confirmation: SDG&E, Major Markets FAX:(213) 244-8316</p>

	change. Seller may remove a facility from Exhibit A for the following reasons: (i) if Seller's power purchase agreement corresponding to the facility has been modified, terminated, or assigned to a third party, (ii) if the facility is no longer in Seller's PCIA-eligible portfolio due to an order or direction from a Governmental Authority, or (iii) if the facility is owned by Seller but ceases operation for Seller. Seller shall retain the sole and absolute discretion to modify, enforce, or terminate its power purchase agreements with the facilities listed in <u>Exhibit A</u> during the Delivery Period. Buyer shall not have any right to or discretion to request changes to the list of facilities in <u>Exhibit A</u> during the Delivery Period.
Contract Capacity	In any hour throughout the Delivery Term, the "Contract Capacity" shall be, in MW, as determined by Seller in accordance with the Contract Quantity section of this Confirmation.
Contract Quantity:	<i>[for Firm deliveries:</i> "Contract Quantity" shall be equal to [INSERT] . In the event Seller does not deliver any of the above specified quantities in a particular calendar month for any reason, except as excused by Uncontrollable Force, the Parties shall agree upon the make-up schedules for any undelivered quantities. If the Parties are unable to come to agreement on such make-up schedule, Buyer shall deliver the quantities to Seller in a reasonable manner and within a reasonable time.] <i>[for As-Available deliveries:</i> "Contract Quantity" shall be [a quantity up to INSERT], unless excused pursuant to the definition of As-Available Delivery Obligation below. Seller in its sole discretion shall determine the hourly Contract Quantity during the Delivery Period.]
Contract Price:	Index Price plus Green Attributes Price
Index Price:	"Index Price" means the CAISO Integrated Forward Market Day-Ahead price (as such term is defined in the Tariff) for SP15 for each applicable hour as published by the CAISO on the CAISO website; or any successor thereto, unless a substitute publication and/or index is mutually agreed to by the Parties.
Green Attributes Price:	[\$XX.XX] / MWh
Term:	The "Term" of this Transaction shall commence upon the Confirmation Effective Date and shall continue until delivery by Seller to Buyer of the Contract Quantity of the Product has been completed and all other obligations of the Parties under this Agreement have been satisfied, unless terminated earlier due to failure to satisfy the Condition Precedent or as otherwise provided in the Agreement.
Delivery Period:	The "Delivery Period" of this Transaction shall commence on [MM/DD/YYYY] (the "Start Date"), and continue until midnight on [For short-term: MM/DD/YYYY; For long-term: the date Seller no longer receives Product from any of the contracts in the Project, as such contracts are listed in Appendix A, unless this Agreement is terminated earlier in accordance with the terms of this Agreement]; provided that if CPUC Approval is not received by the Start Date above, then the Start Date shall be the first day of the month following the month in which the Condition Precedent Satisfaction Date occurs .
Delivery Point:	The "Delivery Point" is [insert].
[Firm / As-Available]	"Firm Delivery Obligation" shall have the following meaning: The obligation to provide the Contract Quantity is a firm obligation in that Seller shall

<p>Delivery Obligation:</p>	<p>deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation without excuse other than Uncontrollable Force. If a failure by Seller to deliver the quantity from the Project is not excused by Uncontrollable Force, Seller shall make up such failure in accordance with the "Contract Quantity" Section.</p> <p><i>[for As-available deliveries:</i> "As-Available Delivery Obligation" shall mean the obligation to provide the Contract Quantity is an as-available obligation in that Seller shall deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation. Seller's failure to deliver shall be excused, and Seller shall have no obligation to make up or replace any failure of the Facility to generate and deliver the quantity from the Project: if (i) the Project is unavailable as a result of a Scheduled or Forced Outage, (ii) by an event or circumstance that affects the Project so as to prevent Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, and which is not within the reasonable control of, or the result of the negligence of, the Seller, (iii) by Buyer's failure to perform, or (iv) by [SELECT APPLICABLE FUEL: [the unavailability of landfill gas which was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided.] OR [insufficient wind power for the Project to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Project's technical specifications.] OR [the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.] OR [insufficient solar power for the Project to generate energy as determined by the best solar standards utilized by other solar producers or purchasers in the vicinity of the Project] OR [a reduction or insufficiency of biomass that causes a reduction or cessation of generation of electric energy by the Project].]</p>
<p>Scheduling Obligations:</p>	<p>Seller, or a qualified third party designated by Seller, shall act as Scheduling Coordinator. Buyer hereby authorizes Seller, or its third-party Scheduling Coordinator designee, to deliver the Product, or cause the Product to be delivered, to the CAISO at the Delivery Point.</p>
<p>Condition Precedent:</p>	<p>The commencement of the Delivery Period in accordance with Section 3 below shall be contingent upon the Seller obtaining or waiving CPUC Approval of this Confirmation. Either Party has the right to terminate this Confirmation upon notice in accordance with Section [SELECT: EEI: Section 10.7 of the EEI; WSPP: Section 12 of the WSPP] Agreement, which will be effective five (5) Business Days after such notice is given, if: (i) the CPUC does not issue a final and non-appealable order approving this Agreement or the requested relief contained in the related advice letter filing, both in their entirety, (ii) the CPUC issues a final and non-appealable order which contains conditions or modifications unacceptable to either Party, or (iii) the final and non-appealable CPUC Approval has not been obtained by Seller, on or before [INSERT DEADLINE DATE].</p> <p>The date on which CPUC Approval of this Confirmation has been obtained or waived, by Seller, in its sole discretion, shall hereinafter be the "Condition Precedent Satisfaction Date."</p>

	<p>Any termination made by a Party under this section shall be without liability or obligation to the other Party.</p> <p>Notwithstanding any other provision in this Confirmation, Seller will have no obligation to transfer Green Attributes to Purchaser unless the Condition Precedent Satisfaction Date has occurred.</p>
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ARTICLE 2. DEFINITIONS

"Buyer" means "Purchaser".

"CAISO" means the California Independent System Operator.

"CAISO Energy" means "Energy" as defined in the Tariff.

"Renewables Portfolio Standard" or "RPS" means the renewable energy program and policies established by California State Senate Bills 1078, X1 - 2 and 350, codified in California Public Utilities Code Sections 399.11 through 399.32 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time.

"Condition Precedent Satisfaction Date" means the date on which CPUC Approval, as fully described in the "Condition Precedent" provision, has been obtained or waived, by Seller, in its sole discretion.

"CPUC" means the California Public Utilities Commission or its regulatory successor.

"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the Agreement. CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

Notwithstanding the foregoing, if a Tier 2 or Tier 3 advice letter process is used to obtain CPUC Approval of this Agreement, CPUC Approval will also be deemed to have occurred on the date that a CPUC Energy Division disposition which contains such findings or deems approved an advice letter requesting such findings becomes final and non-appealable.

"Day-Ahead" has the meaning set forth in the Tariff.

"Delivery Period" means "Delivery Term".

"Designated Contract Capacity" means the amount determined by Seller in accordance with the Scheduling Obligations section of this Confirmation.

"Governmental Authority" means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

- (i) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants;
- (ii) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere;¹

¹ Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those

- (iii) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

Green Attributes do not include;

- (i) any energy, capacity, reliability or other power attributes from the Project,
- (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,
- (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or
- (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project. **[STC 2 – GREEN ATTRIBUTES, NON-MODIFIABLE]**

"Integrated Forward Market" has the meaning set forth in the Tariff.

[For Long-Term Market Offer: "Long-Term Contract" means any RPS power purchase and sale agreement pursuant to which Seller purchases renewable energy from a third party generator, which has at least ten (10) years remaining in its original delivery term as of the Start Date or, for facilities added to Exhibit A after the Start Date, as of the date when its generation facilities are added to Exhibit A from which Seller shall allocate Product to Buyer under this Agreement, and (iii) which otherwise meets Seller's representations and warranties set forth in Article 6 of this Agreement.]

"Tariff" means the tariff and protocol provisions, including any current CAISO-published "Operating Procedures" and "Business Practice Manuals," as amended or supplemented from time to time, of the CAISO.

"Vintage" means the calendar year and month during the Delivery Period in which the WREGIS Certificate is created through the generation of the Product.

"WREGIS" means the Western Renewable Energy Generation Information System or other process recognized under applicable laws for the registration, transfer or ownership of Green Attributes.

"WREGIS Certificate" means "Certificate" as defined by WREGIS in the WREGIS Operating Rules.

"WREGIS Operating Rules" means the operating rules and requirements adopted by WREGIS.

ARTICLE 3. CONVEYANCE OF RENEWABLE ENERGY

3.1. Seller's Conveyance Of Electric Energy

Except as stated in this Section 3.1 and beginning on the first day of the Delivery Period and throughout all applicable months of the Delivery Period, Seller shall deliver and sell, and Buyer shall purchase and receive,

avoided emissions to comply with any GHG regulatory program.

the Product, subject to the terms and conditions of this Confirmation. Seller will not be obligated to sell or replace any Product that is not or cannot be delivered as a result of Uncontrollable Force.

Should any electric energy provided by Seller under this Confirmation be determined to have originated from a resource other than the Project, Seller shall remedy such failure in a manner reasonably acceptable to Buyer within a reasonable period of time after written notice of such failure is given to the Seller by the Buyer.

3.2. Seller's Conveyance Of Green Attributes

(a) Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project. The Green Attributes are delivered and conveyed upon completion of all actions described in Section 3.2(b) below.

(b) Green Attributes Initially Credited to Seller's WREGIS Account

- (i) During the Delivery Period, Seller, at its own cost and expense, shall maintain its registration with WREGIS. All Green Attributes transferred by Seller hereunder shall be designated California RPS-compliant with WREGIS. Seller shall, at its sole expense, use WREGIS as required pursuant to the WREGIS Operating Rules to effectuate the transfer of Green Attributes to Buyer in accordance with WREGIS reporting protocols and WREGIS Operating Rules.
- (ii) For each applicable month of the Delivery Period, Seller shall deliver and convey the Green Attributes associated with the electric energy delivered in Section 3.1 within five (5) Business Days after the end of the month in which the WREGIS Certificates for the Green Attributes are created by properly transferring such WREGIS Certificates, in accordance with the rules and regulations of WREGIS, equivalent to the quantity of Green Attributes to Purchaser into Purchaser's WREGIS account such that all right, title and interest in and to the WREGIS Certificates shall transfer from Seller to Purchaser.
- (iii) In addition to its other obligations under this Section 3.2, Seller shall convey to Buyer WREGIS Certificates from the Project that are of the same Vintage as the Product that was provided under Section 3.1 of this Confirmation.

ARTICLE 4. PERFORMANCE ASSURANCE; CPUC FILING AND APPROVAL

4.1. Performance Assurance [SDG&E CREDIT DEPARTMENT TO EVALUATE BASED ON COUNTERPARTY]

(a) To secure its obligations under this Agreement, Buyer agrees to deliver to Seller and maintain in full force and effect Performance Assurance in the amount of **[\$[INSERT AMOUNT]]** in the form of cash or a Letter of Credit from the Execution Date and for the Delivery Term of this Agreement.

(b) Buyer hereby grants to Seller a present and continuing first priority security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Seller, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Seller's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence and during the continuation of an Event of Default by Seller or an Early Termination Date as a result thereof, Seller may do any one or more of the following: (i) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance, including any such rights and remedies under Law then in effect; (ii) exercise its rights of setoff against such collateral

and any and all proceeds resulting therefrom or from the liquidation thereof; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all or any portion of any Performance Assurance then held by or for the benefit of Seller free from any claim or right of any nature whatsoever of Buyer, including any equity or right of purchase or redemption by Buyer. Seller shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Buyer's obligations under the Agreement (Buyer remaining liable for any amounts owing to Seller after such application), subject to Seller's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

(c) Upon an Event of Default of Buyer prior to CPUC Approval, Seller may terminate this Agreement in which case Buyer shall owe Seller liquidated damages in the amount of the Performance Assurance and Seller may retain such Performance Assurances to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to an Event of Default of Buyer prior to CPUC Approval would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior to CPUC Approval.

(d) [NOTE ADDITIONAL CREDIT TERMS TO BE INSERTED DEPENDING ON LENGTH OF TERM, ETC.]

4.2. CPUC Filing and Approval

Within *[INSERT]* days after the Confirmation Effective Date, Seller shall file with the CPUC the appropriate request for CPUC Approval of this Agreement and possibly other agreements. Seller shall seek CPUC Approval of the filing, including promptly responding to any requests for information related to the request for CPUC Approval. Buyer shall use commercially reasonable efforts to support Seller in obtaining CPUC Approval. Seller and Buyer have no obligation to seek rehearing or to appeal a CPUC decision which fails to approve this Agreement, or which fails to meet the requirements contained in the Condition Precedent section. Notwithstanding anything to the contrary in the Confirmation, Seller shall not have any obligation or liability to Buyer or any third party for any action or inaction of the CPUC or other Governmental Authority affecting the approval or status of this Confirmation as a transaction eligible for portfolio content category, as defined in California Public Utilities Code Section 399.16(b)(1).

ARTICLE 5. COMPENSATION

5.1. Calculation Period

The "Calculation Period" shall be each calendar month, or portion thereof, during the Delivery Period.

5.2. Monthly Cash Settlement Amount

Purchaser shall pay Seller the Monthly Cash Settlement Amount, in arrears, for each Calculation Period in the amount equal to the sum (a) plus (b) minus (c), where:

(a) equals the sum, over all hours of the Calculation Period, of the applicable Index Price for each hour, multiplied by the quantity of CAISO Energy scheduled, delivered and received by Purchaser pursuant to Section 3.1 during that hour; and

(b) equals the product of the Green Attributes Price multiplied by the quantity of Green Attributes (in MWhs) delivered or credited to Purchaser's WREGIS account pursuant to Section 3.2 during the applicable Calculation Period; and

(c) equals the sum, over all hours of the Calculation Period, of the applicable Index Price for each hour, multiplied by the quantity of CAISO Energy scheduled, delivered and received by Purchaser pursuant to Section 3.1 during that hour.

5.3. Payment Date

Notwithstanding any provision to the contrary in Section 9.2 of the Master Agreement, payments of each Monthly Cash Settlement Amount by Purchaser to Seller under this Confirmation shall be due and payable on or before the later of the twentieth (20th) day of the month in which the Purchaser receives from Seller an invoice for the Calculation Period to which the Monthly Cash Settlement Amount pertains, or within ten (10) Business Days, or, if such day is not a Business Day, then on the next Business Day, following receipt of an invoice issued by Seller for the applicable Calculation Period. The invoice shall include a statement detailing the portion of Product transferred to Purchaser during the applicable Calculation Period.

Invoices to Buyer will be sent by Excel/PDF format via email to Buyer's Invoice Contact set forth above in Contact Information, and for purposes of this Confirmation, Buyer shall be deemed to have received an invoice upon the receipt of the Excel/PDF format of the invoice. Payment to Seller shall be made by electronic funds transfer pursuant to the Wire Transfer instructions set forth above in Contract Information.

ARTICLE 6. SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS

(a) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that:

- (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and
- (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC 6, NON-MODIFIABLE]**
- (iii) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. **[STC REC-1, NON-MODIFIABLE]**

To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

The term "commercially reasonable efforts" as set forth in Sections 6.1 (a) and (b) above shall not require Seller to incur out-of-pocket expenses in excess of **[\$[INSERT]]** in the aggregate in any one calendar year between the Confirmation Effective Date and the last day of the Term.

(c) Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. **[STC REC-2, NON-MODIFIABLE]**

For the avoidance of doubt, the term "contract" as used in the immediately preceding paragraph means this Agreement.

(d) In addition to the foregoing, Seller warrants, represents and covenants, as of the Confirmation Effective Date and throughout the Delivery Period, that:

- (i) Seller has the contractual rights to sell all right, title, and interest in the Product agreed to be delivered hereunder;
- (ii) Seller has not sold the Product to be delivered under this Confirmation to any other person or entity; and
- (iii) at the time of delivery, all rights, title, and interest in the Product to be delivered under this Confirmation are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever.
- (iv) The original upstream third party contract(s), under which Buyer is re-selling, meets the criteria of California Public Utilities Code Section 399.16(b)(1)(A);
- (v) This Agreement transfers only Energy and Green Attributes that have not yet been generated prior to the commencement of the Delivery Period; and
- (vi) The Energy transferred hereunder is transferred to Buyer in real time.

ARTICLE 7. GENERAL PROVISIONS

7.1. Facility Identification

Upon Buyer's reasonable request, within ten (10) Business Days after the end of each month during the Delivery Period, Seller shall provide indicative identification, based on preliminary meter data, of the facility(s) from the pooled facility that the Product was delivered from for that month.

7.2. Governing Law

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. **[STC 17 – APPLICABLE LAW, NON-MODIFIABLE]**

7.3. Dispute Resolution

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Section 7.3. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Section 7.3.

(b) Management Negotiations.

- (i) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's authorized representative designated in writing as a representative of the Party (each a "Manager"). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
- (ii) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty

(30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.

- (iii) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.
- (iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 7.3(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 7.3(a) above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.

(c) Arbitration. Any dispute that cannot be resolved by management negotiations as set forth in Section 7.3(b) above shall be resolved through binding arbitration by a retired judge or justice from the AAA panel conducted in San Diego, California, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration").

- (i) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in AAA's Commercial Arbitration Rules.
- (ii) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.
- (iii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.
- (iv) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.
- (v) The arbitrator's award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.
- (vi) Judgment on the award may be entered in any court having jurisdiction.
- (vii) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.
- (viii) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.
- (ix) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.

- (x) The existence, content, and results of any Arbitration hereunder is Confidential Information that is subject to the provisions of Section 7.5, below.

7.4. SOVEREIGN IMMUNITY

[NOTE TO BIDDERS: insert only if applicable to governmental agencies, etc.] For purposes of this Confirmation only, the Master Agreement is amended by adding the following new provision: "Purchaser hereby waives sovereign immunity with regard to disputes relating to this Confirmation."]

7.5. Confidentiality Amendment to the *[SELECT: EEI / WSPP]* Agreement.

Changes to the *[SELECT: EEI / WSPP]* Agreement shall apply to this Confirmation only. For purposes of this Confirmation, Section *[SELECT: EEI: 10.11; WSPP: 30]* (Confidentiality) of the *[SELECT: EEI / WSPP]* Agreement is deleted in its entirety and replaced with the following:

"[SELECT: EEI: 10.11(a); WSPP: 30.1(a)] Neither Party shall disclose the non-public terms or conditions of this Agreement or any transaction hereunder to a third party, other than (i) the Party's Affiliates and its and their officers, directors, employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer's Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section *[SELECT: EEI: 10.11(b); WSPP: 30.1(b)]* of this Agreement; (v) in order to comply with any applicable law, regulation, including, but not limited to, the California Public Records Act and/or the California Ralph M Brown Act, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section *[SELECT: EEI: 10.11(a); WSPP: 30.1(a)]* ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts within its sole and absolute discretion to pursue rights under such applicable laws, regulations, rules or orders which allow for the prevention or limitation of such disclosure. The Disclosing Party's determination of what efforts might be reasonable shall not be subject to challenge by the other Party. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(b) RPS Confidentiality. Notwithstanding Section *[SELECT: EEI: 10.11(a); WSPP: 30.1(a)]* of this Agreement, at any time on or after the date on which the Seller makes its filing seeking CPUC Approval for this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Term, project location, Contract Capacity, Contract Quantity, and Delivery Point.

(c) Publicity. Except as otherwise agreed to in this Section *[SELECT: EEI: 10.11; WSPP: 30.1]* above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed." Notwithstanding the foregoing, the Parties understand acknowledge and agree that Buyer is a California Public Agency and that certain actions and documents of Buyer are subject to public notice and/or disclosure under applicable laws and regulations, including, but not limited to, the California Public Records Act and/or the California Ralph M. Brown Act, and that Buyer is not obligated to seek prior approval of Seller when Buyer is complying, in its sole and absolute discretion, with such laws and regulations.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE:

SAN DIEGO GAS & ELECTRIC COMPANY **[INSERT NAME OF PURCHASER]**

BY: _____

BY: _____

NAME:

NAME:

TITLE:

TITLE:

_____ APPROVED AS TO LEGAL FORM

DRAFT

EXHIBIT A

TO THE CONFIRMATION BETWEEN _____ AND SAN DIEGO GAS & ELECTRIC
COMPANY

DATED: _____

PROJECT FACILITY(IES)

Name of Facility	TECH-NOLOGY	START DATE	TERM (YRS)	CAPACITY (MW)	RESOURCE ID	CEC RPS ID	WREGIS GU ID	EIA ID	LOCATION	BALANCING AUTHORITY

DRAFT

EXHIBIT B

FORM OF LETTER OF CREDIT

[DATE]

To: San Diego Gas & Electric Company
555 W. Fifth Street
Mail Code: ML 18A3
Los Angeles, CA 90013

Re: Our Irrevocable Standby Letter of Credit No. _____
In the Amount of US _____

Ladies and Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Beneficiary] ("Beneficiary"), by order and for account of [name of Applicant] ("Applicant"), [address of Applicant], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "[name of Applicant] ("Applicant") is in default under the WSPP Agreement and Confirmation between Beneficiary and Applicant dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a "default", "event of default" or similar term as defined in such agreement, any other agreement between Beneficiary and Applicant, or otherwise). The amount due to Beneficiary is U.S. \$ _____."

or,

2. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "as of the close of business on [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Beneficiary, whether or not a default has occurred, is U.S. \$ _____."

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Applicant.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 above is acceptable. Notwithstanding anything to the contrary herein, any drawing hereunder may be requested by transmitting the requisite documents as described above to us by facsimile at _____ or such other number as specified from time to time by us. The facsimile transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Beneficiary that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1, or 2 above. If a document is so presented by 1:00 pm on any New York banking

day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one-year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce, Publication No. 600 ("UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)



**MARKET OFFER SALES MODEL PPA
(UNBUNDLED PRODUCT)**

DRAFT

**[LONG-TERM / SHORT-TERM] MARKET OFFER SALES
MODEL PPA (UNBUNDLED PRODUCT) CONFIRMATION
BETWEEN
SAN DIEGO GAS & ELECTRIC COMPANY
AND
[INSERT NAME]**

This confirmation letter ("Confirmation") confirms the Market Offer transaction pursuant to Decision (D.)21-05-030 ("Transaction") between San Diego Gas & Electric Company ("Seller" or "SDG&E" "Party B") and _____ ("Buyer" or "Party A"), each individually a "Party" and together the "Parties", effective as of _____, 2018 (the "Confirmation Effective Date"). This Transaction is governed by the **[SELECT: WSPP Agreement]** effective as of June 21, 2018 (the "WSPP Agreement"); Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEI Agreement") along with any amendments and annexes executed between the Parties thereto (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement, Tariff, or in the RPS (as defined below). If any term in this Confirmation conflicts with the Master Agreement, the definitions set forth in this Confirmation shall supersede. **[Note: additional conforming changes may be required if this Transaction is governed by the EEI Agreement]**

CONTACT INFORMATION

Contact Information:	Name: [INSERT] ("Buyer")	Name: San Diego Gas & Electric Company ("Seller")
	All Notices: Attn: Phone: Facsimile: Duns: Federal Tax ID Number:	All Notices: San Diego Gas & Electric Company 8315 Century Park Court San Diego, CA Zip: 92123 Attn: Electric & Fuel Procurement Contract Administration Phone: (858) 650-5536 Facsimile: (858) 650-6190 Duns: 006911457 Federal Tax ID Number: 95-1184800
	Invoices:	Invoices: San Diego Gas & Electric Company 8315 Century Park Ct. San Diego, California 92123-1593 Attn: Energy Accounting Manager Phone: (858) 650-6177 Facsimile: (858) 650-6190
	Wire Transfer:	Wire Transfer: BNK: Union Bank of California for: San Diego Gas & Electric Company ABA: Routing # 122000496 ACCT: #4430000352 Confirmation: SDG&E, Major Markets FAX:(213) 244-8316

	<p>Seller's PCIA-eligible portfolio due to an order or direction from a Governmental Authority, or (iii) if the facility is owned by Seller but ceases operation for Seller. Seller shall retain the sole and absolute discretion to modify, enforce, or terminate its power purchase agreements with the facilities listed in <u>Exhibit A</u> during the Delivery Period. Buyer shall not have any right to or discretion to request changes to the list of facilities in <u>Exhibit A</u> during the Delivery Period.</p>
Contract Quantity:	<p>[for Firm deliveries: "Contract Quantity" shall be [INSERT]. In the event Seller does not deliver any of the above specified quantity(ies) for any reason, except as excused by Uncontrollable Force, the Parties shall agree upon the make-up schedules for any undelivered quantities. If the Parties are unable to come to agreement on such make-up schedule, Buyer shall deliver the quantities to Seller in a reasonable manner and within a reasonable time.]</p> <p>[for As-Available deliveries: "Contract Quantity" shall be [a quantity up to INSERT], unless excused pursuant to the definition of As-Available Delivery Obligation below. Seller in its sole discretion shall determine the hourly Contract Quantity during the Delivery Period.]</p>
Contract Price:	The Green Attributes Price.
Green Attributes Price:	\$(XXXX) per MWh of Green Attributes (RECs).
Term:	The "Term" of this Transaction shall commence upon the Confirmation Effective Date and shall continue until delivery by Seller to Buyer of the Contract Quantity of the Product has been completed and all other obligations of the Parties under this Agreement have been satisfied, unless terminated earlier due to failure to satisfy the Condition Precedent or as otherwise provided in the Agreement.
Delivery Period:	The "Delivery Term" of this Transaction shall commence on [MM/DD/YYYY] (the "Start Date"), and continue until midnight on [For short-term: MM/DD/YYYY; For long-term: the date Seller no longer receives Product from any of the contracts in the Project, as such contracts are listed in Appendix A, unless this Agreement is terminated earlier in accordance with the terms of this Agreement]; provided that if CPUC Approval is not received by the Start Date above, then the Start Date shall be the first day of the month following the month in which the Condition Precedent Satisfaction Date occurs.
[Firm; As-Available] Delivery Obligation:	<p>"Firm Delivery Obligation" means the obligation to provide the Contract Quantity is a firm obligation in that Seller shall deliver the quantity of the Product from the Project consistent with the terms of this Confirmation without excuse other than Uncontrollable Force. If a failure by Seller to deliver the quantity from the Project is not excused by Uncontrollable Force, Seller shall make up such failure in accordance with the "Contract Quantity" Section.</p> <p>[for As-available deliveries: "As-Available Delivery Obligation" shall mean the obligation to provide the Contract Quantity is an as-available obligation in that Seller shall deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation. Seller's failure to deliver shall be excused, and Seller shall have no obligation to make up or replace any failure of the Facility to generate and deliver the quantity from the Project: if (i) the Project is unavailable as a result of a Scheduled or Forced Outage, (ii) by an event or circumstance that affects the Project so as to prevent Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, and which is not within the reasonable control</p>

	<p>of, or the result of the negligence of, the Seller, (iii) by Buyer's failure to perform, or (iv) by [SELECT APPLICABLE FUEL: [the unavailability of landfill gas which was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided.] OR [insufficient wind power for the Project to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Project's technical specifications.] OR [the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.] OR [insufficient solar power for the Project to generate energy as determined by the best solar standards utilized by other solar producers or purchasers in the vicinity of the Project] OR [a reduction or insufficiency of biomass that causes a reduction or cessation of generation of electric energy by the Project].]</p>
<p>Delivery</p>	<p>Buyer hereby authorizes Seller, or its third party designee, to deliver the Product, or cause the Product to be delivered into Buyer's WREGIS account in the quantity(ies) and timeline(s) set forth in the "Contract Quantity" Section.</p>
<p>Condition Precedent:</p>	<p>Seller's obligation to sell and deliver the Product shall be contingent upon the Seller obtaining or waiving CPUC Approval of this Confirmation. Either Party has the right to terminate this Confirmation upon notice in accordance with Section [SELECT: EEI: Section 10.7 of the EEI; WSPP: Section 12 of the WSPP] Agreement, which will be effective five (5) Business Days after such notice is given, if: (i) the CPUC does not issue a final and non-appealable order approving this Agreement or the requested relief contained in the related advice letter filing, both in their entirety, (ii) the CPUC issues a final and non-appealable order which contains conditions or modifications unacceptable to either Party, or (iii) the final and non-appealable approval by the CPUC has not been obtained by Seller, on or before [INSERT DEADLINE DATE].</p> <p>The date on which approval of the CPUC of this Confirmation has been obtained or waived, by Seller, in its sole discretion, shall hereinafter be the "Condition Precedent Satisfaction Date."</p> <p>Any termination made by a Party under this section shall be without liability or obligation to the other Party.</p> <p>Notwithstanding any other provision in this Confirmation, Seller will have no obligation to transfer Green Attributes to Purchaser unless the Condition Precedent Satisfaction Date has occurred.</p>

**ARTICLE 2
DEFINITIONS**

"Buyer" means "Purchaser".

"CAISO" means the California Independent System Operator.

"Condition Precedent Satisfaction Date" means the date on which CPUC Approval, as fully described in the "Condition Precedent" provision, has been obtained or waived, by Seller, in its sole discretion.

"CPUC" means the California Public Utilities Commission or its regulatory successor.

"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Seller's administration of the Agreement. CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

Notwithstanding the foregoing, if a Tier 2 or Tier 3 advice letter process is used to obtain CPUC Approval of this Agreement, CPUC Approval will also be deemed to have occurred on the date that a CPUC Energy Division disposition which contains such findings or deems approved an advice letter requesting such findings becomes final and non-appealable.

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

- (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants;
- (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere;¹
- (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

Green Attributes do not include;

- (i) any energy, capacity, reliability or other power attributes from the Project,
- (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,
- (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or
- (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project. **[STC 2 – GREEN ATTRIBUTES, NON-MODIFIABLE]**

¹ Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

"Governmental Authority" means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

[For Long-Term Market Offer: "Long-Term Contract" means any RPS power purchase and sale agreement pursuant to which Seller purchases renewable energy from a third party generator, which has at least ten (10) years remaining in its original delivery term as of the Start Date or, for facilities added to Exhibit A after the Start Date, as of the date when its generation facilities are added to Exhibit A from which Seller shall allocate Product to Buyer under this Agreement, and (iii) which otherwise meets Seller's representations and warranties set forth in Article 6 of this Agreement.]

"Tariff" means the tariff and protocol provisions, including any current CAISO-published "Operating Procedures" and "Business Practice Manuals," as amended or supplemented from time to time, of the CAISO.

"Vintage" means the calendar year and month in which the underlying energy for the Product is generated.

"WREGIS" means the Western Renewable Energy Generation Information System or other process recognized under applicable laws for the registration, transfer or ownership of Green Attributes.

"WREGIS Certificate" means "Certificate" as defined by WREGIS in the WREGIS Operating Rules.

"WREGIS Operating Rules" means the operating rules and requirements adopted by WREGIS.

ARTICLE 3 CONVEYANCE OF RENEWABLE ENERGY

3.1 Seller's Conveyance Of Green Attributes

Except as stated in this Section 3.1, Seller shall deliver and sell, and Buyer shall purchase and receive, the Product, subject to the terms and conditions of this Confirmation. Seller will not be obligated to sell or replace any Product that is not or cannot be delivered as a result of Uncontrollable Force.

Should any Green Attributes provided by Seller under this Confirmation be determined to have originated from a resource other than the Project, Seller shall remedy such failure in a manner reasonably acceptable to Buyer within a reasonable period of time after written notice of such failure is given to the Seller by the Buyer.

3.2 Seller's Conveyance Of Green Attributes

(a) The Green Attributes are delivered and conveyed upon completion of all actions described in Section 3.2(b) below.

(b) Green Attributes Initially Credited to Seller's WREGIS Account

During the Delivery Period, Seller, at its own cost and expense, shall maintain its registration with WREGIS. All Green Attributes transferred by Seller hereunder shall be designated California RPS-compliant with WREGIS. Seller shall, at its sole expense, use WREGIS as required pursuant to the WREGIS Operating Rules to effectuate the transfer of Green Attributes to Buyer in accordance with WREGIS reporting protocols and WREGIS Operating Rules.

ARTICLE 4 PERFORMANCE ASSURANCE; CPUC FILING AND APPROVAL

4.1 Performance Assurance [SDG&E CREDIT DEPARTMENT TO EVALUATE BASED ON COUNTERPARTY]

(a) To secure its obligations under this Agreement, Buyer agrees to deliver to Seller and maintain in full force and effect Performance Assurance in the amount of ***\$(INSERT AMOUNT)*** in the form

of cash or a Letter of Credit from the Execution Date and for the Delivery Term of this Agreement.

(b) Buyer hereby grants to Seller a present and continuing first priority security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Seller, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Seller's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence and during the continuation of an Event of Default by Seller or an Early Termination Date as a result thereof, Seller may do any one or more of the following: (i) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance, including any such rights and remedies under Law then in effect; (ii) exercise its rights of setoff against such collateral and any and all proceeds resulting therefrom or from the liquidation thereof; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all or any portion of any Performance Assurance then held by or for the benefit of Seller free from any claim or right of any nature whatsoever of Buyer, including any equity or right of purchase or redemption by Buyer. Seller shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Buyer's obligations under the Agreement (Buyer remaining liable for any amounts owing to Seller after such application), subject to Seller's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

(c) Upon an Event of Default of Buyer prior to CPUC Approval, Seller may terminate this Agreement in which case Buyer shall owe Seller liquidated damages in the amount of the Performance Assurance and Seller may retain such Performance Assurances to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to an Event of Default of Buyer prior to CPUC Approval would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior to CPUC Approval.

[INSERT additional credit terms depending on term, etc.]

4.2 CPUC Filing and Approval

Within [INSERT] days after the Confirmation Effective Date, Seller shall file with the CPUC the appropriate request for CPUC Approval of this Agreement and possibly other agreements. Seller shall seek CPUC Approval of the filing, including promptly responding to any requests for information related to the request for CPUC Approval. Buyer shall use commercially reasonable efforts to support Seller in obtaining CPUC Approval. Seller and Buyer have no obligation to seek rehearing or to appeal a CPUC decision which fails to approve this Agreement, or which fails to meet the requirements contained in the Condition Precedent section. Notwithstanding anything to the contrary in the Confirmation, Seller shall not have any obligation or liability to Buyer or any third party for any action or inaction of the CPUC or other Governmental Authority affecting the approval or status of this Confirmation as a transaction eligible for content category, as defined in California Public Utilities Code Section 399.16(b)(1).

ARTICLE 5 COMPENSATION

5.1 Monthly Cash Settlement Amount

Purchaser shall pay Seller in the amount equal to (the product of \$[INSERT PRICE] multiplied by the quantity of Green Attributes (in MWhs) delivered or credited to Purchaser's WREGIS account pursuant to Section 3.2 during the applicable Calculation Period.

5.2 Payment Date

Seller shall issue an invoice to Buyer promptly after delivery of the Product into Buyer's WREGIS account, as set forth in the Contract Quantity Section and the Condition Precedent Section. Such invoice shall set forth in reasonable detail the quantity of Green Attributes transferred, the price, and the total payment owed to Buyer. Notwithstanding any provision to the contrary in Section 9.2 of the Master Agreement, payment shall be due and payable shall be made to Seller within ten (10) Business Days, or, if such day is not a Business Day, then on the next Business Day, following receipt of an invoice issued by Seller. The invoice shall include a statement detailing the quantity of Product transferred to Purchaser.

Invoices to Buyer will be sent by Excel/PDF format via email to: **[TO BE INSERTED]**

Attn:
Email:
Phone:
Facsimile:

For purposes of this Confirmation, Buyer shall be deemed to have received an invoice upon the receipt of the Excel/PDF format of the invoice.

Payment to Seller shall be made by electronic funds transfer pursuant to the following:

BNK: Union Bank of California
For: San Diego Gas & Electric Company
ABA: Routing # 122000496
ACCT: #4430000352
Confirmation: SDG&E, Major Markets
FAX :(213) 244-8316

With a copy to:

San Diego Gas & Electric Company
8315 Century Park Ct.
San Diego, California 92123-1593
Attn: Energy Accounting Manager
Phone: (858) 650-6177
Facsimile: (858) 650-6190

ARTICLE 6 SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS RELATED TO GREEN ATTRIBUTES

6.1 Seller's Representation, Warranties, and Covenants Related to Green Attributes

- (a) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that:
 - (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or

Section 399.16; and

(ii) To the extent the Product includes the Project's output, the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC 6, NON-MODIFIABLE]**

(b) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. **[STC REC-1, NON-MODIFIABLE]**

To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

The term "commercially reasonable efforts" as set forth in Sections 6.1 (a) and (b) above shall not require Seller to incur out-of-pocket expenses in excess of \$**[INSERT]** in the aggregate in any one calendar year between the Confirmation Effective Date and the last day of the Term.

(c) Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. **[STC REC-2, NON-MODIFIABLE]**

For the avoidance of doubt, the term "contract" as used in the immediately preceding paragraph means this Agreement.

(d) In addition to the foregoing, Seller warrants, represents and covenants, as of the Confirmation Effective Date and throughout the Delivery Period, that:

- (i) Seller has the contractual rights to sell all right, title, and interest in the Product agreed to be delivered hereunder;
- (ii) Seller has not sold the Product to be delivered under this Confirmation to any other person or entity; and
- (iii) at the time of delivery, all rights, title, and interest in the Product to be delivered under this Confirmation are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever.

ARTICLE 7 GENERAL PROVISIONS

7.1 Governing Law

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. **[STC 17 – APPLICABLE LAW, NON-MODIFIABLE]**

7.2 Dispute Resolution

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Section 7.2. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Section 7.2.

(b) Management Negotiations.

- (i) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's authorized representative designated in writing as a representative of the Party (each a "Manager"). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
- (ii) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
- (iii) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.
- (iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 7.2(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 7.2(a) above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.

(c) Arbitration. Any dispute that cannot be resolved by management negotiations as set forth in Section 7.2(b) above shall be resolved through binding arbitration by a retired judge or justice from the AAA panel conducted in San Diego, California, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration").

- (i) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in AAA's Commercial Arbitration Rules.
- (ii) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections

- are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.
- (iii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.
 - (iv) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.
 - (v) The arbitrator's award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.
 - (vi) Judgment on the award may be entered in any court having jurisdiction.
 - (vii) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.
 - (viii) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.
 - (ix) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.
 - (x) The existence, content, and results of any Arbitration hereunder is Confidential Information that is subject to the provisions of Section 7.4, below.

7.3 **Sovereign Immunity**

[NOTE TO BIDDERS: insert only if applicable to governmental agencies, etc.] For purposes of this Confirmation only, the Master Agreement is amended by adding the following new provision:
"Purchaser hereby waives sovereign immunity with regard to disputes relating to this Confirmation."

7.4 **Confidentiality Amendment to the [SELECT: EEI / WSPP] Agreement.**

Changes to the [SELECT: EEI / WSPP] Agreement shall apply to this Confirmation only. For purposes of this Confirmation, [SELECT: EEI: 10.11; WSPP: Section 30] (Confidentiality) of the [SELECT: EEI / WSPP] Agreement is deleted in its entirety and replaced with the following:

"[SELECT: EEI: 10.11(a); WSPP: 30.1(a) Neither Party shall disclose the non-public terms or conditions of this Agreement or any transaction hereunder to a third party, other than (i) the Party's Affiliates and its and their officers, directors, employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer's Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section [SELECT: EEI: 10.11(b); WSPP: 30.1(b)] of this Agreement; (v) in order to comply with any applicable law, regulation, including, but not limited to, the California Public Records Act and/or the California Ralph M Brown Act, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section [SELECT: EEI: 10.11(a); WSPP: 30.1(a)] ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts within its sole and absolute discretion to pursue rights under such applicable laws, regulations, rules or orders which allow for the prevention or limitation of such disclosure. The Disclosing Party's determination of what efforts might be reasonable shall not be subject to challenge by the other Party. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the

disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(b) RPS Confidentiality. Notwithstanding Section [SELECT: EEI: 10.11(a); WSPP: 30.1(a)] of this Agreement, at any time on or after the date on which the Seller makes its filing seeking CPUC approval for this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Term, project location, Contract Capacity, Contract Quantity, and Delivery Point.

(c) Publicity. Except as otherwise agreed to in this Section [SELECT: EEI: 10.11; WSPP: 30.1] above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed." Notwithstanding the foregoing, the Parties understand acknowledge and agree that Buyer is a California Public Agency and that certain actions and documents of Buyer are subject to public notice and/or disclosure under applicable laws and regulations, including, but not limited to, the California Public Records Act and/or the California Ralph M. Brown Act, and that Buyer is not obligated to seek prior approval of Seller when Buyer is complying, in its sole and absolute discretion, with such laws and regulations.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE:

SAN DIEGO GAS & ELECTRIC COMPANY [INSERT NAME OF PURCHASER]

BY: _____

BY: _____

NAME:

NAME:

TITLE: Vice President - Energy Supply

TITLE:

APPROVED AS TO LEGAL FORM

EXHIBIT A

**TO THE CONFIRMATION BETWEEN _____ AND SAN DIEGO GAS & ELECTRIC
COMPANY DATED: _____**

PROJECT FACILITY(IES)

Name of Facility	TECH-NOLOGY	START DATE	TERM (YRS)	CAPACITY (MW)	RESOURCE ID	CEC RPS ID	WREGIS GU ID	EIA ID	LOCATION	BALANCING AUTHORITY

DRAFT

EXHIBIT B

FORM OF LETTER OF CREDIT

[DATE]

To: San Diego Gas & Electric Company
555 W. Fifth Street
Mail Code: ML 18A3
Los Angeles, CA 90013

Re: Our Irrevocable Standby Letter of Credit No. _____
In the Amount of US _____

Ladies and Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Beneficiary] ("Beneficiary"), by order and for account of [name of Applicant] ("Applicant"), [address of Applicant], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "[name of Applicant] ("Applicant") is in default under the WSPP Agreement and Confirmation between Beneficiary and Applicant dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a "default", "event of default" or similar term as defined in such agreement, any other agreement between Beneficiary and Applicant, or otherwise). The amount due to Beneficiary is U.S. \$ _____."
2. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "as of the close of business on [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Beneficiary, whether or not a default has occurred, is U.S. \$ _____."

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Applicant.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 or 3 above is acceptable. Notwithstanding anything to the contrary herein, any drawing hereunder may be requested by transmitting the requisite documents as described above to us by facsimile at _____ or such other number as specified from time to time by us. The facsimile transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Beneficiary that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1, 2, or 3 above. If a document is so presented by 1:00 pm on any New York banking day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one-year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce, Publication No. 600 ("UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)



**MARKET OFFER SALES MODEL PPA
(UNBUNDLED PRODUCT)**

DRAFT

**MARKET OFFER SALES MODEL PPA (UNBUNDLED PRODUCT) CONFIRMATION
BETWEEN
SAN DIEGO GAS & ELECTRIC COMPANY
AND
[INSERT NAME]**

This confirmation letter ("Confirmation") confirms the Market Offer transaction pursuant to Decision (D.)21-05-030 ("Transaction") between San Diego Gas & Electric Company ("Seller" or "SDG&E" "Party B") and _____ ("Buyer" or "Party A"), each individually a "Party" and together the "Parties", effective as of _____, 2018 (the "Confirmation Effective Date"). This Transaction is governed by the **[SELECT: WSPP Agreement]** effective as of June 21, 2018 (the "WSPP Agreement"); Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEI Agreement") along with any amendments and annexes executed between the Parties thereto (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement, Tariff, or in the RPS (as defined below). If any term in this Confirmation conflicts with the Master Agreement, the definitions set forth in this Confirmation shall supersede.

Contact Information:	Name: [INSERT] ("Buyer")	Name: San Diego Gas & Electric Company ("Seller")
	All Notices: Attn: Phone: Facsimile: Duns: Federal Tax ID Number:	All Notices: San Diego Gas & Electric Company 8315 Century Park Court San Diego, CA Zip: 92123 Attn: Electric & Fuel Procurement Contract Administration Phone: (858) 650-5536 Facsimile: (858) 650-6190 Duns: 006911457 Federal Tax ID Number: 95-1184800
	Invoices:	Invoices: San Diego Gas & Electric Company 8315 Century Park Ct. San Diego, California 92123-1593 Attn: Energy Accounting Manager Phone: (858) 650-6177 Facsimile: (858) 650-6190
	Wire Transfer:	Wire Transfer: BNK: Union Bank of California for: San Diego Gas & Electric Company ABA: Routing # 122000496 ACCT: #4430000352 Confirmation: SDG&E, Major Markets FAX:(213) 244-8316

	<p>Authority, or (iii) if the facility is owned by Seller but ceases operation for Seller. Seller shall retain the sole and absolute discretion to modify, enforce, or terminate its power purchase agreements with the facilities listed in <u>Exhibit A</u> during the Delivery Period. Buyer shall not have any right to or discretion to request changes to the list of facilities in <u>Exhibit A</u> during the Delivery Period.</p>
Contract Quantity:	<p>[for Firm deliveries: “Contract Quantity” shall be [INSERT]. In the event Seller does not deliver any of the above specified quantity(ies) for any reason, except as excused by Uncontrollable Force, the Parties shall agree upon the make-up schedules for any undelivered quantities. If the Parties are unable to come to agreement on such make-up schedule, Buyer shall deliver the quantities to Seller in a reasonable manner and within a reasonable time.]</p> <p>[for As-Available deliveries: “Contract Quantity” shall be [a quantity up to INSERT], unless excused pursuant to the definition of As-Available Delivery Obligation below. Seller in its sole discretion shall determine the hourly Contract Quantity during the Delivery Period.]</p>
Contract Price:	The Green Attributes Price.
Green Attributes Price:	\$(XXXX) per MWh of Green Attributes (RECs).
Term:	The “Term” of this Transaction shall commence upon the Confirmation Effective Date and shall continue until delivery by Seller to Buyer of the Contract Quantity of the Product has been completed and all other obligations of the Parties under this Agreement have been satisfied, unless terminated earlier due to failure to satisfy the Condition Precedent or as otherwise provided in the Agreement.
Delivery Term:	The “Delivery Term” of this Transaction shall commence on [MM/DD/YYYY] (the “Start Date”), and continue until midnight on [MM/DD/YYYY] ; provided that if CPUC Approval is not received by the Start Date above, then the Start Date shall be the first day of the month following the month in which the Condition Precedent Satisfaction Date occurs.
[Firm; As-Available] Delivery Obligation:	<p>“Firm Delivery Obligation” means the obligation to provide the Contract Quantity is a firm obligation in that Seller shall deliver the quantity of the Product from the Project consistent with the terms of this Confirmation without excuse other than Uncontrollable Force. If a failure by Seller to deliver the quantity from the Project is not excused by Uncontrollable Force, Seller shall make up such failure in accordance with the “Contract Quantity” Section.</p> <p>[for As-available deliveries: “As-Available Delivery Obligation” shall mean the obligation to provide the Contract Quantity is an as-available obligation in that Seller shall deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation. Seller’s failure to deliver shall be excused, and Seller shall have no obligation to make up or replace any failure of the Facility to generate and deliver the quantity from the Project: if (i) the Project is unavailable as a result of a Scheduled or Forced Outage, (ii) by an event or circumstance that affects the Project so as to prevent Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, and which is not within the reasonable control of, or the result of the negligence of, the Seller, (iii) by Buyer’s failure to perform, or (iv) by [SELECT APPLICABLE FUEL: [the unavailability of landfill gas which was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the</p>

	<p>Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided.] OR [insufficient wind power for the Project to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Project's technical specifications.] OR [the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.] OR [insufficient solar power for the Project to generate energy as determined by the best solar standards utilized by other solar producers or purchasers in the vicinity of the Project] OR [a reduction or insufficiency of biomass that causes a reduction or cessation of generation of electric energy by the Project].]</p>
<p>Delivery</p>	<p>Buyer hereby authorizes Seller, or its third party designee, to deliver the Product, or cause the Product to be delivered into Buyer's WREGIS account in the quantity(ies) and timeline(s) set forth in the "Contract Quantity" Section.</p>
<p>Condition Precedent:</p>	<p>Seller's obligation to sell and deliver the Product shall be contingent upon the Seller obtaining or waiving CPUC Approval of this Confirmation. Either Party has the right to terminate this Confirmation upon notice in accordance with Section [SELECT: EEI: Section 10.7 of the EEI; WSPP: Section 12 of the WSPP] Agreement, which will be effective five (5) Business Days after such notice is given, if: (i) the CPUC does not issue a final and non-appealable order approving this Agreement or the requested relief contained in the related advice letter filing, both in their entirety, (ii) the CPUC issues a final and non-appealable order which contains conditions or modifications unacceptable to either Party, or (iii) the final and non-appealable approval by the CPUC has not been obtained by Seller, on or before [INSERT DEADLINE DATE].</p> <p>The date on which approval of the CPUC of this Confirmation has been obtained or waived, by Seller, in its sole discretion, shall hereinafter be the "Condition Precedent Satisfaction Date."</p> <p>Any termination made by a Party under this section shall be without liability or obligation to the other Party.</p> <p>Notwithstanding any other provision in this Confirmation, Seller will have no obligation to transfer Green Attributes to Purchaser unless the Condition Precedent Satisfaction Date has occurred.</p>

**ARTICLE 2
DEFINITIONS**

"Buyer" means "Purchaser".

"CAISO" means the California Independent System Operator.

"Condition Precedent Satisfaction Date" means the date on which CPUC Approval, as fully described in the "Condition Precedent" provision, has been obtained or waived, by Seller, in its sole discretion.

"CPUC" means the California Public Utilities Commission or its regulatory successor.

"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which approves this Agreement in its entirety, including

payments to be made by the Buyer, subject to CPUC review of the Seller's administration of the Agreement. CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

Notwithstanding the foregoing, if a Tier 2 or Tier 3 advice letter process is used to obtain CPUC Approval of this Agreement, CPUC Approval will also be deemed to have occurred on the date that a CPUC Energy Division disposition which contains such findings or deems approved an advice letter requesting such findings becomes final and non-appealable.

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

- (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants;
- (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere;¹
- (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

Green Attributes do not include;

- (i) any energy, capacity, reliability or other power attributes from the Project,
- (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,
- (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or
- (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project. **[STC 2 – GREEN ATTRIBUTES, NON-MODIFIABLE]**

"Governmental Authority" means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

¹ Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

"Tariff" means the tariff and protocol provisions, including any current CAISO-published "Operating Procedures" and "Business Practice Manuals," as amended or supplemented from time to time, of the CAISO.

"Vintage" means the calendar year and month in which the underlying energy for the Product is generated.

"WREGIS" means the Western Renewable Energy Generation Information System or other process recognized under applicable laws for the registration, transfer or ownership of Green Attributes.

"WREGIS Certificate" means "Certificate" as defined by WREGIS in the WREGIS Operating Rules.

"WREGIS Operating Rules" means the operating rules and requirements adopted by WREGIS.

ARTICLE 3 CONVEYANCE OF RENEWABLE ENERGY

3.1 Seller's Conveyance Of Green Attributes

Except as stated in this Section 3.1, Seller shall deliver and sell, and Buyer shall purchase and receive, the Product, subject to the terms and conditions of this Confirmation. Seller will not be obligated to sell or replace any Product that is not or cannot be delivered as a result of Uncontrollable Force.

Should any Green Attributes provided by Seller under this Confirmation be determined to have originated from a resource other than the Project, Seller shall remedy such failure in a manner reasonably acceptable to Buyer within a reasonable period of time after written notice of such failure is given to the Seller by the Buyer.

3.2 Seller's Conveyance Of Green Attributes

(a) The Green Attributes are delivered and conveyed upon completion of all actions described in Section 3.2(b) below.

(b) Green Attributes Initially Credited to Seller's WREGIS Account

During the Delivery Period, Seller, at its own cost and expense, shall maintain its registration with WREGIS. All Green Attributes transferred by Seller hereunder shall be designated California RPS-compliant with WREGIS. Seller shall, at its sole expense, use WREGIS as required pursuant to the WREGIS Operating Rules to effectuate the transfer of Green Attributes to Buyer in accordance with WREGIS reporting protocols and WREGIS Operating Rules.

ARTICLE 4 PERFORMANCE ASSURANCE; CPUC FILING AND APPROVAL

4.1 Performance Assurance [SDG&E CREDIT DEPARTMENT TO EVALUATE BASED ON COUNTERPARTY]

(a) To secure its obligations under this Agreement, Buyer agrees to deliver to Seller and maintain in full force and effect Performance Assurance in the amount of **[\$INSERT AMOUNT]** in the form of cash or a Letter of Credit from the Execution Date and for the Delivery Term of this Agreement.

(b) Buyer hereby grants to Seller a present and continuing first priority security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Seller, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Seller's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence and during the continuation of an Event of Default by Seller or an Early Termination Date as a result thereof, Seller may do any one or more of the following: (i) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance, including any

such rights and remedies under Law then in effect; (ii) exercise its rights of setoff against such collateral and any and all proceeds resulting therefrom or from the liquidation thereof; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all or any portion of any Performance Assurance then held by or for the benefit of Seller free from any claim or right of any nature whatsoever of Buyer, including any equity or right of purchase or redemption by Buyer. Seller shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Buyer's obligations under the Agreement (Buyer remaining liable for any amounts owing to Seller after such application), subject to Seller's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

- (c) Upon an Event of Default of Buyer prior to CPUC Approval, Seller may terminate this Agreement in which case Buyer shall owe Seller liquidated damages in the amount of the Performance Assurance and Seller may retain such Performance Assurances to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to an Event of Default of Buyer prior to CPUC Approval would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior to CPUC Approval.

[INSERT additional credit terms depending on term, etc.]

4.2 CPUC Filing and Approval

Within [INSERT] days after the Confirmation Effective Date, Seller shall file with the CPUC the appropriate request for CPUC Approval of this Agreement and possibly other agreements. Seller shall seek CPUC Approval of the filing, including promptly responding to any requests for information related to the request for CPUC Approval. Buyer shall use commercially reasonable efforts to support Seller in obtaining CPUC Approval. Seller and Buyer have no obligation to seek rehearing or to appeal a CPUC decision which fails to approve this Agreement, or which fails to meet the requirements contained in the Condition Precedent section. Notwithstanding anything to the contrary in the Confirmation, Seller shall not have any obligation or liability to Buyer or any third party for any action or inaction of the CPUC or other Governmental Authority affecting the approval or status of this Confirmation as a transaction eligible for content category, as defined in California Public Utilities Code Section 399.16(b)(1).

ARTICLE 5 COMPENSATION

5.1 Monthly Cash Settlement Amount

Purchaser shall pay Seller in the amount equal to (the product of \$[INSERT PRICE] multiplied by the quantity of Green Attributes (in MWhs) delivered or credited to Purchaser's WREGIS account pursuant to Section 3.2 during the applicable Calculation Period.

5.2 Payment Date

Seller shall issue an invoice to Buyer promptly after delivery of the Product into Buyer's WREGIS account, as set forth in the Contract Quantity Section and the Condition Precedent Section. Such invoice shall set forth in reasonable detail the quantity of Green Attributes transferred, the price, and the total payment owed to Buyer. Notwithstanding any provision to the contrary in Section 9.2 of the Master Agreement, payment shall be due and payable shall be made to Seller within ten (10) Business Days, or, if such day is not a Business Day, then on the next Business Day, following receipt of an invoice issued by Seller. The invoice shall include a statement detailing the quantity of Product transferred to Purchaser.

Invoices to Buyer will be sent by Excel/PDF format via email to: **[TO BE INSERTED]**

Attn:
Email:
Phone:
Facsimile:

For purposes of this Confirmation, Buyer shall be deemed to have received an invoice upon the receipt of the Excel/PDF format of the invoice.

Payment to Seller shall be made by electronic funds transfer pursuant to the following:

BNK: Union Bank of California
For: San Diego Gas & Electric Company
ABA: Routing # 122000496
ACCT: #4430000352
Confirmation: SDG&E, Major Markets
FAX :(213) 244-8316

With a copy to:

San Diego Gas & Electric Company
8315 Century Park Ct.
San Diego, California 92123-1593
Attn: Energy Accounting Manager
Phone: (858) 650-6177
Facsimile: (858) 650-6190

ARTICLE 6 SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS RELATED TO GREEN ATTRIBUTES

6.1 Seller's Representation, Warranties, and Covenants Related to Green Attributes

- (a) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that:
 - (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or

Section 399.16; and

(ii) To the extent the Product includes the Project's output, the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC 6, NON-MODIFIABLE]**

(b) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. **[STC REC-1, NON-MODIFIABLE]**

To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

The term "commercially reasonable efforts" as set forth in Sections 6.1 (a) and (b) above shall not require Seller to incur out-of-pocket expenses in excess of \$**[INSERT]** in the aggregate in any one calendar year between the Confirmation Effective Date and the last day of the Term.

(c) Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. **[STC REC-2, NON-MODIFIABLE]**

For the avoidance of doubt, the term "contract" as used in the immediately preceding paragraph means this Agreement.

(d) In addition to the foregoing, Seller warrants, represents and covenants, as of the Confirmation Effective Date and throughout the Delivery Period, that:

- (i) Seller has the contractual rights to sell all right, title, and interest in the Product agreed to be delivered hereunder;
- (ii) Seller has not sold the Product to be delivered under this Confirmation to any other person or entity; and
- (iii) at the time of delivery, all rights, title, and interest in the Product to be delivered under this Confirmation are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever.

ARTICLE 7 GENERAL PROVISIONS

7.1 Governing Law

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. **[STC 17 – APPLICABLE LAW, NON-MODIFIABLE]**

7.2 Dispute Resolution

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Section 7.2. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Section 7.2.

(b) Management Negotiations.

- (i) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's authorized representative designated in writing as a representative of the Party (each a "Manager"). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
- (ii) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
- (iii) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.
- (iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 7.2(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 7.2(a) above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.

(c) Arbitration. Any dispute that cannot be resolved by management negotiations as set forth in Section 7.2(b) above shall be resolved through binding arbitration by a retired judge or justice from the AAA panel conducted in San Diego, California, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration").

- (i) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in AAA's Commercial Arbitration Rules.
- (ii) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections

- are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.
- (iii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.
 - (iv) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.
 - (v) The arbitrator's award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.
 - (vi) Judgment on the award may be entered in any court having jurisdiction.
 - (vii) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.
 - (viii) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.
 - (ix) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.
 - (x) The existence, content, and results of any Arbitration hereunder is Confidential Information that is subject to the provisions of Section 7.4, below.

7.3 Sovereign Immunity

[NOTE TO BIDDERS: insert only if applicable to governmental agencies, etc.] For purposes of this Confirmation only, the Master Agreement is amended by adding the following new provision: "Purchaser hereby waives sovereign immunity with regard to disputes relating to this Confirmation."

7.4 Confidentiality Amendment to the [SELECT: EEI / WSPP] Agreement.

Changes to the [SELECT: EEI / WSPP] Agreement shall apply to this Confirmation only. For purposes of this Confirmation, [SELECT: EEI: 10.11; WSPP: Section 30] (Confidentiality) of the [SELECT: EEI / WSPP] Agreement is deleted in its entirety and replaced with the following:

[SELECT: EEI: 10.11(a); WSPP: 30.1(a)] Neither Party shall disclose the non-public terms or conditions of this Agreement or any transaction hereunder to a third party, other than (i) the Party's Affiliates and its and their officers, directors, employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer's Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section [SELECT: EEI: 10.11(b); WSPP: 30.1(b)] of this Agreement; (v) in order to comply with any applicable law, regulation, including, but not limited to, the California Public Records Act and/or the California Ralph M Brown Act, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section [SELECT: EEI: 10.11(a); WSPP: 30.1(a)] ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts within its sole and absolute discretion to pursue rights under such applicable laws, regulations, rules or orders which allow for the prevention or limitation of such disclosure. The Disclosing Party's determination of what efforts might be reasonable shall not be subject to challenge by the other Party. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the

disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(b) RPS Confidentiality. Notwithstanding Section [SELECT: EEI: 10.11(a); WSPP: 30.1(a)] of this Agreement, at any time on or after the date on which the Seller makes its filing seeking CPUC approval for this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Term, project location, Contract Capacity, Contract Quantity, and Delivery Point.

(c) Publicity. Except as otherwise agreed to in this Section [SELECT: EEI: 10.11; WSPP: 30.1] above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed." Notwithstanding the foregoing, the Parties understand acknowledge and agree that Buyer is a California Public Agency and that certain actions and documents of Buyer are subject to public notice and/or disclosure under applicable laws and regulations, including, but not limited to, the California Public Records Act and/or the California Ralph M. Brown Act, and that Buyer is not obligated to seek prior approval of Seller when Buyer is complying, in its sole and absolute discretion, with such laws and regulations.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE:

SAN DIEGO GAS & ELECTRIC COMPANY [INSERT NAME OF PURCHASER]

BY: _____

BY: _____

NAME:

NAME:

TITLE: Vice President - Energy Supply

TITLE:

APPROVED AS TO LEGAL FORM

EXHIBIT A

**TO THE CONFIRMATION BETWEEN _____ AND SAN DIEGO GAS & ELECTRIC
COMPANY DATED: _____**

PROJECT FACILITY(IES)

Name of Facility	TECH-NOLOGY	START DATE	TERM (YRS)	CAPACITY (MW)	RESOURCE ID	CEC RPS ID	WREGIS GU ID	EIA ID	LOCATION	BALANCING AUTHORITY

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EXHIBIT B

FORM OF LETTER OF CREDIT

[DATE]

To: San Diego Gas & Electric Company
555 W. Fifth Street
Mail Code: ML 18A3
Los Angeles, CA 90013

Re: Our Irrevocable Standby Letter of Credit No. _____
In the Amount of US _____

Ladies and Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Beneficiary] ("Beneficiary"), by order and for account of [name of Applicant] ("Applicant"), [address of Applicant], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "[name of Applicant] ("Applicant") is in default under the WSPP Agreement and Confirmation between Beneficiary and Applicant dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a "default", "event of default" or similar term as defined in such agreement, any other agreement between Beneficiary and Applicant, or otherwise). The amount due to Beneficiary is U.S. \$ _____."
2. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "as of the close of business on [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Beneficiary, whether or not a default has occurred, is U.S. \$ _____."

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Applicant.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 or 3 above is acceptable. Notwithstanding anything to the contrary herein, any drawing hereunder may be requested by transmitting the requisite documents as described above to us by facsimile at _____ or such other number as specified from time to time by us. The facsimile transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Beneficiary that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1, 2, or 3 above. If a document is so presented by 1:00 pm on any New York banking day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one-year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce, Publication No. 600 ("UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)



**MARKET OFFER SALES MODEL PPA
(BUNDLED PRODUCT)**

**MARKET OFFER CONFIRMATION
BETWEEN
SAN DIEGO GAS & ELECTRIC COMPANY
AND
[INSERT NAME]**

This confirmation letter ("Confirmation") confirms the Market Offer transaction pursuant to Decision (D.)21-05-030 ("Transaction") between **San Diego Gas & Electric Company** ("Seller" or "SDG&E" "Party B") and _____ ("Buyer" or "Party A"), each individually a "Party" and together the "Parties", effective as of _____, (the "Confirmation Effective Date"). This Transaction is governed by the **[SELECT: WSPP Agreement]** effective as of June 21, 2018 (the "WSPP Agreement"); Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEI Agreement"), along with any amendments and annexes executed between the Parties thereto (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement, Tariff or RPS (as defined below). If any term in this Confirmation conflicts with the Master Agreement, the definitions set forth in this Confirmation shall supersede.

CONTACT INFORMATION

Contact Information:	Name: [INSERT] ("<u>Buyer</u>")	Name: San Diego Gas & Electric Company ("<u>Seller</u>")
	<p align="center">All Notices:</p> <p>Attn: Phone: Facsimile: Duns: Federal Tax ID Number:</p>	<p align="center">All Notices:</p> <p>San Diego Gas & Electric Company 8315 Century Park Court San Diego, CA Zip: 92123 Attn: Electric & Fuel Procurement Contract Administration Phone: (858) 650-5536 Facsimile: (858) 650-6190 Duns: 006911457 Federal Tax ID Number: 95-1184800</p>
	<p align="center">Invoices:</p>	<p align="center">Invoices:</p> <p>San Diego Gas & Electric Company 8315 Century Park Ct. San Diego, California 92123-1593 Attn: Energy Accounting Manager Phone: (858) 650-6177 Facsimile: (858) 650-6190</p>
	<p align="center">Wire Transfer:</p>	<p align="center">Wire Transfer:</p> <p>BNK: Union Bank of California for: San Diego Gas & Electric Company ABA: Routing # 122000496 ACCT: #4430000352 Confirmation: SDG&E, Major Markets FAX:(213) 244-8316</p>

	<p>Credit and Collections:</p> <p>Defaults: With additional Notices of an Event of Default or Potential Event of Default to:</p>	<p>Credit and Collections: San Diego Gas & Electric Company, Energy Risk Management 8315 Century Park Court, CP21C San Diego, CA 92123-1593 Attn: Energy Risk Manager Telephone: (858) 654-6484 Facsimile: (858) 650-6190</p> <p>Defaults: With additional Notices of an Event of Default or Potential Event of Default to: San Diego Gas & Electric Company 8330 Century Park Ct. San Diego, California 92123 Attn: General Counsel Phone: (858) 650-6141 Facsimile: (858) 650-6106</p>
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ARTICLE 1. COMMERCIAL TERMS

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:

<p>Product:</p>	<p>The "Product" is a <i>[for Firm deliveries: Firm Delivery; for As-Available deliveries: As-Available Delivery]</i> Obligation of electric energy and associated Green Attributes in the Contract Quantity.</p> <p>During the Delivery Period, Seller shall deliver and sell, and Buyer shall purchase and receive, this Product, subject to the terms and conditions of this Confirmation. Seller shall not substitute or purchase any Green Attributes from any generating resource other than the Project for delivery hereunder.</p>
<p>Project:</p>	<p>All Product sold hereunder shall be from one or more of the facilities, each meeting the requirement of 6.1(a) and as listed in Exhibit A, as may be updated from time to time by written notice from Seller to Buyer (collectively, the "Project"). The Project from which Product is sold by Seller to Buyer shall: (a) that have a first point of interconnection with a California balancing authority, (b) have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or (c) are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source.</p> <p>The Parties acknowledge and agree that the Project consists of a pool of facilities and that Seller is permitted to utilize one or more of these pooled facilities in order to satisfy its obligations hereunder.</p> <p>The Parties further acknowledge and agree that, with respect to Section 3 of this Confirmation, Product shall solely be limited to the actual Product generated and delivered by the pooled facilities used to satisfy the Contract Quantity, and that Buyer is not entitled to any additional Product produced by the pooled facilities in the Project above and beyond the Contract Quantity.</p> <p>Seller may add a facility to, or remove a facility from, the list of facilities in <u>Exhibit A</u> from time to time by giving Buyer fifteen (15) Business Days prior written notice of any change. Seller may remove a facility from Exhibit A for the following reasons: (i) if Seller's power purchase agreement corresponding to the facility has been modified, terminated, or assigned to a third party, (ii) if the facility is no longer in Seller's PCIA-eligible portfolio due to an order or direction from a Governmental Authority, or (iii) if the facility is owned by Seller but ceases operation for Seller. Seller shall retain the sole and absolute discretion to modify, enforce, or terminate its power purchase agreements with the facilities listed in <u>Exhibit A</u> during the Delivery Period. Buyer shall not have any right to or discretion to request changes to the list of facilities in <u>Exhibit A</u> during the Delivery Period.</p>
<p>Contract Capacity</p>	<p>In any hour throughout the Delivery Term, the "Contract Capacity" shall be, in MW, as determined by Seller in accordance with the Contract Quantity section of this Confirmation.</p>
<p>Contract Quantity:</p>	<p><i>[for Firm deliveries:</i> "Contract Quantity" shall be equal to [INSERT]. In the event Seller does not deliver any of the above specified quantities in a particular calendar month for any reason, except as excused by Uncontrollable Force, the Parties shall agree upon the make-up schedules for any undelivered quantities. If the Parties are unable to come to agreement on such make-up schedule, Buyer shall deliver the quantities to Seller in a reasonable manner and within a reasonable time.]</p> <p><i>[for As-Available deliveries:</i> "Contract Quantity" shall be [a quantity up to INSERT], unless excused pursuant to the definition of As-Available Delivery Obligation below.</p>

	Seller in its sole discretion shall determine the hourly Contract Quantity during the Delivery Period.]
Contract Price:	Index Price plus Green Attributes Price
Index Price:	“Index Price” means the CAISO Integrated Forward Market Day-Ahead price (as such term is defined in the Tariff) for SP15 for each applicable hour as published by the CAISO on the CAISO website; or any successor thereto, unless a substitute publication and/or index is mutually agreed to by the Parties.
Green Attributes Price:	[\$XX.XX] / MWh
Term:	The “Term” of this Transaction shall commence upon the Confirmation Effective Date and shall continue until delivery by Seller to Buyer of the Contract Quantity of the Product has been completed and all other obligations of the Parties under this Agreement have been satisfied, unless terminated earlier due to failure to satisfy the Condition Precedent or as otherwise provided in the Agreement.
Delivery Period:	The “Delivery Period” of this Transaction shall commence on [MM/DD/YYYY] (the “Start Date”), and continue until midnight on [MM/DD/YYYY]; provided that if CPUC Approval is not received by the Start Date above, then the Start Date shall be the first day of the month following the month in which the Condition Precedent Satisfaction Date occurs .
Delivery Point:	The “Delivery Point” is [insert].
[Firm / As-Available] Delivery Obligation:	<p>“Firm Delivery Obligation” shall have the following meaning:</p> <p>The obligation to provide the Contract Quantity is a firm obligation in that Seller shall deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation without excuse other than Uncontrollable Force. If a failure by Seller to deliver the quantity from the Project is not excused by Uncontrollable Force, Seller shall make up such failure in accordance with the “Contract Quantity” Section.</p> <p>[for As-available deliveries: “As-Available Delivery Obligation” shall mean the obligation to provide the Contract Quantity is an as-available obligation in that Seller shall deliver the quantity of the Product from the Project, instantaneously with its receipt of such Product, consistent with the terms of this Confirmation. Seller’s failure to deliver shall be excused, and Seller shall have no obligation to make up or replace any failure of the Facility to generate and deliver the quantity from the Project: if (i) the Project is unavailable as a result of a Scheduled or Forced Outage, (ii) by an event or circumstance that affects the Project so as to prevent Seller from performing its obligations, which event or circumstance was not anticipated as of the date the Transaction was agreed to, and which is not within the reasonable control of, or the result of the negligence of, the Seller, (iii) by Buyer’s failure to perform, or (iv) by [SELECT APPLICABLE FUEL: [the unavailability of landfill gas which was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided.] OR [insufficient wind power for the Project to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Project’s technical specifications.] OR [the unavailability of water or the unavailability of</p>

	sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided.] OR [insufficient solar power for the Project to generate energy as determined by the best solar standards utilized by other solar producers or purchasers in the vicinity of the Project] OR [a reduction or insufficiency of biomass that causes a reduction or cessation of generation of electric energy by the Project].]
Scheduling Obligations:	Seller, or a qualified third party designated by Seller, shall act as Scheduling Coordinator. Buyer hereby authorizes Seller, or its third-party Scheduling Coordinator designee, to deliver the Product, or cause the Product to be delivered, to the CAISO at the Delivery Point.
Condition Precedent:	<p>The commencement of the Delivery Period in accordance with Section 3 below shall be contingent upon the Seller obtaining or waiving CPUC Approval of this Confirmation. Either Party has the right to terminate this Confirmation upon notice in accordance with Section [SELECT: EEI: Section 10.7 of the EEI; WSPP: Section 12 of the WSPP] Agreement, which will be effective five (5) Business Days after such notice is given, if: (i) the CPUC does not issue a final and non-appealable order approving this Agreement or the requested relief contained in the related advice letter filing, both in their entirety, (ii) the CPUC issues a final and non-appealable order which contains conditions or modifications unacceptable to either Party, or (iii) the final and non-appealable CPUC Approval has not been obtained by Seller, on or before [INSERT DEADLINE DATE].</p> <p>The date on which CPUC Approval of this Confirmation has been obtained or waived, by Seller, in its sole discretion, shall hereinafter be the "Condition Precedent Satisfaction Date."</p> <p>Any termination made by a Party under this section shall be without liability or obligation to the other Party.</p> <p>Notwithstanding any other provision in this Confirmation, Seller will have no obligation to transfer Green Attributes to Purchaser unless the Condition Precedent Satisfaction Date has occurred.</p>

ARTICLE 2. DEFINITIONS

"Buyer" means "Purchaser".

"CAISO" means the California Independent System Operator.

"CAISO Energy" means "Energy" as defined in the Tariff.

"Renewables Portfolio Standard" or "RPS" means the renewable energy program and policies established by California State Senate Bills 1078, X1 - 2 and 350, codified in California Public Utilities Code Sections 399.11 through 399.32 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time.

"Condition Precedent Satisfaction Date" means the date on which CPUC Approval, as fully described in the "Condition Precedent" provision, has been obtained or waived, by Seller, in its sole discretion.

"CPUC" means the California Public Utilities Commission or its regulatory successor.

"CPUC Approval" means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which approves this Agreement in its entirety, including payments to be made by the Buyer, subject to CPUC review of the Buyer's administration of the

Agreement CPUC Approval will be deemed to have occurred on the date that a CPUC decision containing such findings becomes final and non-appealable.

Notwithstanding the foregoing, if a Tier 2 or Tier 3 advice letter process is used to obtain CPUC Approval of this Agreement, CPUC Approval will also be deemed to have occurred on the date that a CPUC Energy Division disposition which contains such findings or deems approved an advice letter requesting such findings becomes final and non-appealable.

"Day-Ahead" has the meaning set forth in the Tariff.

"Delivery Period" means "Delivery Term".

"Designated Contract Capacity" means the amount determined by Seller in accordance with the Scheduling Obligations section of this Confirmation.

"Governmental Authority" means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as:

- (i) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants;
- (ii) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere;¹
- (iii) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy.

Green Attributes do not include;

- (i) any energy, capacity, reliability or other power attributes from the Project,
- (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation,
- (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or
- (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions

¹ Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.

associated with the production of electricity from the Project. **[STC 2 – GREEN ATTRIBUTES, NON-MODIFIABLE]**

“Integrated Forward Market” has the meaning set forth in the Tariff.

“Tariff” means the tariff and protocol provisions, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” as amended or supplemented from time to time, of the CAISO.

“Vintage” means the calendar year and month during the Delivery Period in which the WREGIS Certificate is created through the generation of the Product.

“WREGIS” means the Western Renewable Energy Generation Information System or other process recognized under applicable laws for the registration, transfer or ownership of Green Attributes.

“WREGIS Certificate” means “Certificate” as defined by WREGIS in the WREGIS Operating Rules.

“WREGIS Operating Rules” means the operating rules and requirements adopted by WREGIS.

ARTICLE 3. CONVEYANCE OF RENEWABLE ENERGY

3.1. Seller’s Conveyance Of Electric Energy

Except as stated in this Section 3.1 and beginning on the first day of the Delivery Period and throughout all applicable months of the Delivery Period, Seller shall deliver and sell, and Buyer shall purchase and receive, the Product, subject to the terms and conditions of this Confirmation. Seller will not be obligated to sell or replace any Product that is not or cannot be delivered as a result of Uncontrollable Force.

Should any electric energy provided by Seller under this Confirmation be determined to have originated from a resource other than the Project, Seller shall remedy such failure in a manner reasonably acceptable to Buyer within a reasonable period of time after written notice of such failure is given to the Seller by the Buyer.

3.2. Seller’s Conveyance Of Green Attributes

(a) Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project. The Green Attributes are delivered and conveyed upon completion of all actions described in Section 3.2(b) below.

(b) Green Attributes Initially Credited to Seller’s WREGIS Account

- (i) During the Delivery Period, Seller, at its own cost and expense, shall maintain its registration with WREGIS. All Green Attributes transferred by Seller hereunder shall be designated California RPS-compliant with WREGIS. Seller shall, at its sole expense, use WREGIS as required pursuant to the WREGIS Operating Rules to effectuate the transfer of Green Attributes to Buyer in accordance with WREGIS reporting protocols and WREGIS Operating Rules.
- (ii) For each applicable month of the Delivery Period, Seller shall deliver and convey the Green Attributes associated with the electric energy delivered in Section 3.1 within five (5) Business Days after the end of the month in which the WREGIS Certificates for the Green Attributes are created by properly transferring such WREGIS Certificates, in accordance with the rules and regulations of WREGIS, equivalent to the quantity of Green Attributes to Purchaser into Purchaser’s WREGIS account such that all right, title and interest in and to the WREGIS Certificates shall transfer from Seller to Purchaser.

- (iii) In addition to its other obligations under this Section 3.2, Seller shall convey to Buyer WREGIS Certificates from the Project that are of the same Vintage as the Product that was provided under Section 3.1 of this Confirmation.

ARTICLE 4. PERFORMANCE ASSURANCE; CPUC FILING AND APPROVAL

4.1. Performance Assurance [SDG&E CREDIT DEPARTMENT TO EVALUATE BASED ON COUNTERPARTY]

(a) To secure its obligations under this Agreement, Buyer agrees to deliver to Seller and maintain in full force and effect Performance Assurance in the amount of **#[INSERT AMOUNT]** in the form of cash or a Letter of Credit from the Execution Date and for the Delivery Term of this Agreement.

(b) Buyer hereby grants to Seller a present and continuing first priority security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Seller, and each Party agrees to take such action as the other Party reasonably requires in order to perfect the Seller's first-priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence and during the continuation of an Event of Default by Seller or an Early Termination Date as a result thereof, Seller may do any one or more of the following: (i) exercise any of the rights and remedies of a secured party with respect to all Performance Assurance, including any such rights and remedies under Law then in effect; (ii) exercise its rights of setoff against such collateral and any and all proceeds resulting therefrom or from the liquidation thereof; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all or any portion of any Performance Assurance then held by or for the benefit of Seller free from any claim or right of any nature whatsoever of Buyer, including any equity or right of purchase or redemption by Buyer. Seller shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce the Buyer's obligations under the Agreement (Buyer remaining liable for any amounts owing to Seller after such application), subject to Seller's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

(c) Upon an Event of Default of Buyer prior to CPUC Approval, Seller may terminate this Agreement in which case Buyer shall owe Seller liquidated damages in the amount of the Performance Assurance and Seller may retain such Performance Assurances to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to an Event of Default of Buyer prior to CPUC Approval would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior to CPUC Approval.

(d) [NOTE ADDITIONAL CREDIT TERMS TO BE INSERTED DEPENDING ON LENGTH OF TERM, ETC.]

4.2. CPUC Filing and Approval

Within **[INSERT]** days after the Confirmation Effective Date, Seller shall file with the CPUC the appropriate request for CPUC Approval of this Agreement and possibly other agreements. Seller shall seek CPUC Approval of the filing, including promptly responding to any requests for information related to the request for CPUC Approval. Buyer shall use commercially reasonable efforts to support Seller in obtaining CPUC Approval. Seller and Buyer have no obligation to seek rehearing or to appeal a CPUC decision which fails to approve this Agreement, or which fails to meet the requirements contained in the Condition Precedent section. Notwithstanding anything to the contrary in the Confirmation, Seller shall not have any obligation or liability to Buyer or any third party for any action or inaction of the CPUC or other Governmental Authority affecting the approval or status of this Confirmation as a transaction eligible for portfolio content category, as defined in California Public Utilities Code Section 399.16(b)(1).

ARTICLE 5. COMPENSATION

5.1. Calculation Period

The "Calculation Period" shall be each calendar month, or portion thereof, during the Delivery Period.

5.2. Monthly Cash Settlement Amount

Purchaser shall pay Seller the Monthly Cash Settlement Amount, in arrears, for each Calculation Period in the amount equal to the sum (a) plus (b) minus (c), where:

(a) equals the sum, over all hours of the Calculation Period, of the applicable Index Price for each hour, multiplied by the quantity of CAISO Energy scheduled, delivered and received by Purchaser pursuant to Section 3.1 during that hour; and

(b) equals the product of the Green Attributes Price multiplied by the quantity of Green Attributes (in MWhs) delivered or credited to Purchaser's WREGIS account pursuant to Section 3.2 during the applicable Calculation Period; and

(c) equals the sum, over all hours of the Calculation Period, of the applicable Index Price for each hour, multiplied by the quantity of CAISO Energy scheduled, delivered and received by Purchaser pursuant to Section 3.1 during that hour.

5.3. Payment Date

Notwithstanding any provision to the contrary in Section 9.2 of the Master Agreement, payments of each Monthly Cash Settlement Amount by Purchaser to Seller under this Confirmation shall be due and payable on or before the later of the twentieth (20th) day of the month in which the Purchaser receives from Seller an invoice for the Calculation Period to which the Monthly Cash Settlement Amount pertains, or within ten (10) Business Days, or, if such day is not a Business Day, then on the next Business Day, following receipt of an invoice issued by Seller for the applicable Calculation Period. The invoice shall include a statement detailing the portion of Product transferred to Purchaser during the applicable Calculation Period.

Invoices to Buyer will be sent by Excel/PDF format via email to Buyer's Invoice Contact set forth above in Contact Information, and for purposes of this Confirmation, Buyer shall be deemed to have received an invoice upon the receipt of the Excel/PDF format of the invoice. Payment to Seller shall be made by electronic funds transfer pursuant to the Wire Transfer instructions set forth above in Contract Information.

ARTICLE 6. SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS

(a) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that:

- (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and
- (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC 6, NON-MODIFIABLE]**
- (iii) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California

Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. **[STC REC-1, NON-MODIFIABLE]**

To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

The term “commercially reasonable efforts” as set forth in Sections 6.1 (a) and (b) above shall not require Seller to incur out-of-pocket expenses in excess of **[\$[INSERT]]** in the aggregate in any one calendar year between the Confirmation Effective Date and the last day of the Term.

(c) Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. **[STC REC-2, NON-MODIFIABLE]**

For the avoidance of doubt, the term “contract” as used in the immediately preceding paragraph means this Agreement.

(d) In addition to the foregoing, Seller warrants, represents and covenants, as of the Confirmation Effective Date and throughout the Delivery Period, that:

- (i) Seller has the contractual rights to sell all right, title, and interest in the Product agreed to be delivered hereunder;
- (ii) Seller has not sold the Product to be delivered under this Confirmation to any other person or entity; and
- (iii) at the time of delivery, all rights, title, and interest in the Product to be delivered under this Confirmation are free and clear of all liens, taxes, claims, security interests, or other encumbrances of any kind whatsoever.
- (iv) The original upstream third party contract(s), under which Buyer is re-selling, meets the criteria of California Public Utilities Code Section 399.16(b)(1)(A);
- (v) This Agreement transfers only Energy and Green Attributes that have not yet been generated prior to the commencement of the Delivery Period; and
- (vi) The Energy transferred hereunder is transferred to Buyer in real time.

ARTICLE 7. GENERAL PROVISIONS

7.1. Facility Identification

Upon Buyer’s reasonable request, within ten (10) Business Days after the end of each month during the Delivery Period, Seller shall provide indicative identification, based on preliminary meter data, of the facility(s) from the pooled facility that the Product was delivered from for that month.

7.2. Governing Law

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT ENFORCEABLE AT SUCH TIME, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT. **[STC 17 – APPLICABLE LAW, NON-MODIFIABLE]**

7.3. Dispute Resolution

(a) Intent of the Parties. Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Section 7.3. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Section 7.3.

(b) Management Negotiations.

- (i) The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party's authorized representative designated in writing as a representative of the Party (each a "Manager"). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
- (ii) Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
- (iii) All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.
- (iv) If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 7.3(a) above, refuses or does not meet within the ten (10) Business Day period specified in Section 7.3(a) above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.

(c) Arbitration. Any dispute that cannot be resolved by management negotiations as set forth in Section 7.3(b) above shall be resolved through binding arbitration by a retired judge or justice from the AAA panel conducted in San Diego, California, administered by and in accordance with AAA's Commercial Arbitration Rules ("Arbitration").

- (i) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in AAA's Commercial Arbitration Rules.
- (ii) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections

- are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.
- (iii) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.
 - (iv) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.
 - (v) The arbitrator's award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.
 - (vi) Judgment on the award may be entered in any court having jurisdiction.
 - (vii) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.
 - (viii) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.
 - (ix) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.
 - (x) The existence, content, and results of any Arbitration hereunder is Confidential Information that is subject to the provisions of Section 7.5, below.

7.4. SOVEREIGN IMMUNITY

[NOTE TO BIDDERS: insert only if applicable to governmental agencies, etc.] For purposes of this Confirmation only, the Master Agreement is amended by adding the following new provision: "Purchaser hereby waives sovereign immunity with regard to disputes relating to this Confirmation."]

7.5. Confidentiality Amendment to the **[SELECT: EEI / WSPP]** Agreement.

Changes to the **[SELECT: EEI / WSPP]** Agreement shall apply to this Confirmation only. For purposes of this Confirmation, Section **[SELECT: EEI: 10.11; WSPP: 30]** (Confidentiality) of the **[SELECT: EEI / WSPP]** Agreement is deleted in its entirety and replaced with the following:

"[SELECT: EEI: 10.11(a); WSPP: 30.1(a)] Neither Party shall disclose the non-public terms or conditions of this Agreement or any transaction hereunder to a third party, other than (i) the Party's Affiliates and its and their officers, directors, employees, lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer's Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section **[SELECT: EEI: 10.11(b); WSPP: 30.1(b)]** of this Agreement; (v) in order to comply with any applicable law, regulation, including, but not limited to, the California Public Records Act and/or the California Ralph M Brown Act, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party ("Disclosing Party"), other than to those entities set forth in subsection (vi); or (vi) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section **[SELECT: EEI: 10.11(a); WSPP: 30.1(a)]** ("Disclosure Order") each Party shall, to the extent practicable, use reasonable efforts within its sole and absolute discretion to pursue rights under such applicable laws, regulations, rules or orders which allow for the prevention or limitation of such disclosure. The Disclosing Party's determination of what efforts might be reasonable shall not be subject to challenge by the other Party. After using such reasonable efforts, the Disclosing Party shall not be: (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or

other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.

(b) RPS Confidentiality. Notwithstanding Section **[SELECT: EEI: 10.11(a); WSPP: 30.1(a)]** of this Agreement, at any time on or after the date on which the Seller makes its filing seeking CPUC Approval for this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Term, project location, Contract Capacity, Contract Quantity, and Delivery Point.

(c) Publicity. Except as otherwise agreed to in this Section **[SELECT: EEI: 10.11; WSPP: 30.1]** above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed." Notwithstanding the foregoing, the Parties understand acknowledge and agree that Buyer is a California Public Agency and that certain actions and documents of Buyer are subject to public notice and/or disclosure under applicable laws and regulations, including, but not limited to, the California Public Records Act and/or the California Ralph M. Brown Act, and that Buyer is not obligated to seek prior approval of Seller when Buyer is complying, in its sole and absolute discretion, with such laws and regulations.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE:

SAN DIEGO GAS & ELECTRIC COMPANY **[INSERT NAME OF PURCHASER]**

BY: _____

BY: _____

NAME:

NAME:

TITLE:

TITLE:

____ APPROVED AS TO LEGAL FORM

EXHIBIT A

TO THE CONFIRMATION BETWEEN _____ AND SAN DIEGO GAS & ELECTRIC
COMPANY

DATED: _____

PROJECT FACILITY(IES)

Name of Facility	TECH-NOLOGY	START DATE	TERM (YRS)	CAPACITY (MW)	RESOURCE ID	CEC RPS ID	WREGIS GU ID	EIA ID	LOCATION	BALANCING AUTHORITY

DRAFT

EXHIBIT B

FORM OF LETTER OF CREDIT

[DATE]

To: San Diego Gas & Electric Company
555 W. Fifth Street
Mail Code: ML 18A3
Los Angeles, CA 90013

Re: Our Irrevocable Standby Letter of Credit No. _____
In the Amount of US _____

Ladies and Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number _____ in favor of [name of Beneficiary] ("Beneficiary"), by order and for account of [name of Applicant] ("Applicant"), [address of Applicant], available at sight upon demand at our counters, at [location] for an amount of US\$ _____ [amount spelled out and xx/100 U.S. Dollars] against presentation one of the following documents:

1. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "[name of Applicant] ("Applicant") is in default under the WSPP Agreement and Confirmation between Beneficiary and Applicant dated _____ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a "default", "event of default" or similar term as defined in such agreement, any other agreement between Beneficiary and Applicant, or otherwise). The amount due to Beneficiary is U.S. \$ _____."

or,

2. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "as of the close of business on [insert date, which is less than 60 days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Beneficiary, whether or not a default has occurred, is U.S. \$ _____."

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Applicant.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 above is acceptable. Notwithstanding anything to the contrary herein, any drawing hereunder may be requested by transmitting the requisite documents as described above to us by facsimile at _____ or such other number as specified from time to time by us. The facsimile transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

This Letter of Credit expires on _____ at our counters.

We hereby engage with Beneficiary that upon presentation of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1, or 2 above. If a document is so presented by 1:00 pm on any New York banking

day, we will honor the same in full in immediately available New York funds on that day and, if so presented after 1:00 pm on a New York banking day, we will honor the same in full in immediately available New York funds by noon on the following New York banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one-year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce, Publication No. 600 ("UCP"), except to the extent that the terms hereof are inconsistent with the provisions of the UCP, including but not limited to Articles 14(b) and 36 of the UCP, in which case the terms of this Letter of Credit shall govern. Matters not covered by the UCP shall be governed and construed in accordance with the laws of the State of California.

[Name of Bank]

Authorized Signature(s)

2024 DRAM RFO PRO FORMA

**DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE
AGREEMENT**

between

[NAME OF SELLER]

and

SAN DIEGO GAS & ELECTRIC COMPANY

DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE AGREEMENT
BETWEEN
[SELLER] AND SAN DIEGO GAS AND ELECTRIC COMPANY

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BETWEEN
[SELLER] AND SAN DIEGO GAS AND ELECTRIC COMPANY**

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BETWEEN
[SELLER] AND SAN DIEGO GAS AND ELECTRIC COMPANY**

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BETWEEN
[SELLER] AND SAN DIEGO GAS AND ELECTRIC COMPANY**

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**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT
BETWEEN**

[SELLER] AND ***SAN DIEGO GAS AND ELECTRIC COMPANY***

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**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT
BY AND BETWEEN
[NAME OF SELLER]
AND
SAN DIEGO GAS & ELECTRIC COMPANY**

PREAMBLE

This Demand Response Resource Purchase Agreement, together with its exhibits (the “Agreement”) is entered into by and between **SAN DIEGO GAS & ELECTRIC COMPANY** a California corporation (“Buyer”), and **[Aggregator or Demand Response Provider]**, a **[Seller’s business registration]** (“Seller”), as of the latest signature date hereof (“Execution Date”). Buyer and Seller are referred to herein individually as a “Party” and collectively as “Parties.” Unless the context otherwise specifies or requires, capitalized terms in this Agreement have the meanings set forth in Exhibit A.

AGREEMENT

In consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

ARTICLE 1. TRANSACTION

1.1. Purchase and Sale of the Product

(a) During the Delivery Period, Seller shall sell and deliver, and Buyer shall purchase and receive, the Product as indicated in Table 1.1(b) in the amount of the Monthly Contracted Quantity, as indicated in Exhibit B, subject to and in accordance with the terms and conditions of this Agreement. The Product shall be a Proxy Demand Resource (PDR) consisting entirely of DRAM Resource Customers registered by the Seller (or its DRP).

(b) The Product is:

Table 1.1(b)

Product Selected	Type of Product	Local Capacity Area (as applicable)
<input type="checkbox"/>	Product A: System Capacity	Not applicable

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Product Selected	Type of Product	Local Capacity Area (as applicable)
<input type="checkbox"/>	Product B-1: Local Capacity with System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product B-2: Local Capacity with System Capacity	Big Creek/Ventura LCA Substations
<input type="checkbox"/>	Product C1: Flexible Capacity (Flexible Category 1) with System Capacity	Not applicable
<input type="checkbox"/>	Product C2: Flexible Capacity (Flexible Category 2) with System Capacity	Not applicable
<input type="checkbox"/>	Product C3: Flexible Capacity (Flexible Category 3) with System Capacity	Not applicable
<input type="checkbox"/>	Product D1-1: Flexible Capacity (Flexible Category 1) with Local and System Capacity	SDG&E
<input type="checkbox"/>	Product D1-2: Flexible Capacity (Flexible Category 1) with Local and System Capacity	SDG&E
<input type="checkbox"/>		
<input type="checkbox"/>		

(c) Seller to indicate whether the Product is:
_____ a Residential Customer Product; or

_____ not a Residential Customer Product

{SDG&E Comment: Seller to choose only one option which applies to all Product for this Agreement}

(d) If Seller has chosen to deliver Product that is not Residential Customer Product, its DRAM Resource may nevertheless include Residential Customers and Small Commercial Customers.

1.2. Term

The “Term” of this Agreement shall commence upon the Execution Date and shall continue until the expiration of the Delivery Period, subject to the survival provisions of Section 9.6.

1.3. Delivery Period

The “Delivery Period” shall commence on the later of (a) the first day of the first month that begins after seventy-five (75) calendar days following CPUC Approval, and (b) *TBD* and shall continue in full force and effect until *TBD* unless terminated earlier in accordance with the terms and conditions of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Delivery Period will not commence until CPUC Approval is obtained or waived by Buyer in its sole discretion.

{SDG&E Comment: Dates will be based on Seller’s bid that was selected by SDG&E in the RFO. Currently that would be no earlier than January 2024 and no later than December 2024.}

1.4. Seller’s Designation of the DRAM Resource

- (a) On or before the date that is seventy-five (75) calendar days prior to the first Showing Month, and on a monthly basis thereafter no less than seventy-five (75) calendar days prior to the applicable Showing Month if any of the information below changes, Seller shall:
 - (i) Provide to Buyer the Resource ID(s) for each PDR providing the Product pursuant to this Agreement.
 - (ii) Confirm in writing to Buyer that each PDR identified by Seller pursuant to Section 1.4(a)(i) is comprised solely of Bundled Service Customers, comprised solely of Unbundled Service Customers, or comprised of a mixture of Bundled and Unbundled Service Customers.
- (b) Seller shall sell and deliver System Capacity, Local Capacity, and/or Flexible Capacity from PDRs, as designated in Section 1.1(b).
- (c) The Parties shall cooperate to implement the requirements of Rule 32 to enroll Resource Customers in order for Seller to designate the PDR(s) pursuant to Section 1.4(a)(i).

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- (d) Seller shall not use, or allow any other party to use, any Resource ID that is part of the DRAM Resource to provide any services or product under any other contract.

1.5. Monthly Contracted Quantity and Corresponding Contract Price

- (a) The Monthly Contracted Quantity and Contract Price for the type of Product indicated in Table 1.1(b) for each applicable Showing Month during the Delivery Period is set forth in Exhibit B.
- (b) In the event that Seller is not able to register the DRAM Resource for part or all of a Monthly Contracted Quantity for a Showing Month due solely to (i) the actions or inactions of Buyer or the CAISO, or (ii) insufficient Rule 32 registrations under D.16-06-008 Ordering Paragraph 6, then Seller may, in its sole discretion, by providing Notice to Buyer on or before the date that is sixty (60) calendar days prior to the Showing Month for which Seller is unable to register the DRAM Resource, reduce the Monthly Contracted Quantity for the unregistered capacity by type of Product for such Showing Month; *provided*, Seller shall demonstrate to Buyer's reasonable satisfaction that Seller made commercially reasonable efforts to register the DRAM Resource corresponding to such reduced Monthly Contracted Quantity for the unregistered capacity by type of Product in the applicable Showing Month.
- (c) In the event that material changes to definition of Resource Adequacy, including but not limited to changes in the Resource Adequacy Availability Assessment Hours, are adopted during the Term of this Agreement, then Seller may, in its sole discretion, by providing Notice to Buyer on or before August 31, 2024, either (i) reduce the Monthly Contracted Quantity for the following year or (ii) terminate this Agreement.
- (d) Seller's exercise of its rights under Sections 1.5(b) or (c) will not be deemed to be a failure of Seller's obligation to sell or deliver the Product or a failure of Buyer's obligation to purchase or receive the Product, and will not be or cause an Event of Default by either Party. Neither Party shall have any further obligation or liability to the other and no Settlement Amount with respect to this Agreement will be due or owing by either Party upon termination of this Agreement due solely to Seller's exercise of its rights under Section 1.5(c).

1.6. Demonstrated Capacity

- (a) Each invoice submitted by Seller to Buyer pursuant to Section 4.2 shall include a statement, in a form substantially similar to Exhibit C, of the amount of the Qualifying Capacity for each type of Product for such Showing Month that Seller was capable of delivering ("Demonstrated Capacity"), utilizing the results from one of the following methods, as provided below (subject to the additional restrictions set forth in Section 1.6(b)):

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- (i) The results of a DC Dispatch of the applicable PDR in the DRAM Resource during such Showing Month. The Demonstrated Capacity for System and Local Capacity will equal maximum hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline; provided that, for the Showing Month of August, the Demonstrated Capacity for System and Local Capacity will equal the average hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline. The Demonstrated Capacity for Flexible Capacity will equal the average hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline. Demonstrated Capacity based on a DC Dispatch must align with the Clock Hours on which the applicable CAISO dispatch instructions are based; provided that, for any Real-Time Market award for which the CAISO dispatch instructions do not start or end on a Clock Hour, Demonstrated Capacity shall align with the same interval associated with the applicable CAISO dispatch instructions. If the CAISO issues a dispatch instruction for less than one hundred percent (100%) of the Qualifying Capacity of the applicable PDR in the DRAM Resource (a “Partial DC Dispatch”), then Seller may elect to submit the results of such Partial DC Dispatch during such Showing Month for its Demonstrated Capacity showing. Upon such election, the load reduction resulting from such Partial DC Dispatch shall be compared to the Qualifying Capacity of the entire PDR for purposes of deriving the DC-QC Ratio of the DRAM Resource in accordance with Section 4.1.
- (ii) The results of a DC Test in the event that (A) there is no DC Dispatch of the PDR in the DRAM Resource for one hundred percent (100%) of the Qualifying Capacity of the applicable Showing Month, and (B) Seller does not submit the results of a Partial DC Dispatch during the Showing Month as contemplated under 1.6(a)(i) above. The Demonstrated Capacity for System and Local Capacity will equal the maximum hourly load reduction during any hour of such DC Test as calculated using the Capacity Baseline; provided that, for the Showing Month of August the Demonstrated Capacity for System and Local Capacity will equal the average hourly load reduction during any two (2) consecutive hours as calculated using the Capacity Baseline. The Demonstrated Capacity for Flexible Capacity will equal the average hourly load reduction during any hour of such DC Test as calculated using the Capacity Baseline; provided that, for the Showing Month of August the Demonstrated Capacity for Flexible Capacity will equal the average hourly load reduction during any two (2) consecutive hours as calculated using the Capacity Baseline.
- (iii) In the event that (A) there is no DC Dispatch of the PDR in the DRAM Resource during the Showing Month for one hundred percent (100%) of the Qualifying Capacity of the applicable Showing Month, (B) Seller does not submit the results of a Partial DC Dispatch as contemplated under 1.6(a)(i) above, and (C) there is no DC Test of the PDR in the DRAM Resource during the Showing Month as contemplated under 1.6(a)(ii)

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above, the Demonstrated Capacity will equal the average amount of capacity for such PDR in the DRAM Resource that the Seller bid into the applicable CAISO Markets solely during the Availability Assessment Hours of the Showing Month in compliance with the CAISO Must-Offer Obligation.

- (b) Seller's use of the methods described in Sections 1.6(a)(i)-(iii) is subject to the following additional restrictions:
 - (i) Demonstrated Capacity for each PDR in the DRAM Resource must be calculated under Section 1.6(a)(i) or 1.6(a)(ii) for the August Showing Month of each year and for at least fifty percent (50%) of all contracted Showing Months during the Delivery Period (rounded downward if the Delivery Period is an odd number of Showing Months). For example, if the Delivery Period consists of seven (7) Showing Months, then a DC Test or DC Dispatch shall be required for at least three (3) of such Showing Months, including the Showing Month of August.
 - (ii) Demonstrated Capacity for any PDR in the DRAM Resource shall not be calculated under Section 1.6(a)(iii) for more than five (5) consecutive Showing Months during the Delivery Period (prorated, if the Delivery Period is less than twelve (12) Showing Months, to a number equal to half of the Showing Months in the Delivery Period minus one: e.g., two consecutive Showing Months for a six-month Delivery Period).
 - (iii) Demonstrated Capacity for each PDR in the DRAM Resource shall be calculated under Section 1.6(a)(i) or 1.6(a)(ii) for any Showing Month for which a QC De-Rate Notice was issued without a corresponding agreed reduction in Supply Plan quantities, as further provided in Section 3.1(b).
- (c) The same Capacity Baseline must be used (i) to estimate Qualifying Capacity for Seller's month-ahead submissions pursuant to Section 3.1(a) for a Showing Month; (ii) to calculate Demonstrated Capacity for the applicable Showing Month; and (iii) for energy settlement at the CAISO for the applicable Showing Month.
- (d) Solely for purposes of establishing the Demonstrated Capacity pursuant to Section 1.6(a), Seller shall use data available through Buyer's Customer Data Access Systems that has been designated by Buyer as final Revenue Quality Meter Data and such data shall be considered final by the Parties as of the date Seller submits its invoice for the applicable Showing Month to Buyer.
- (e) If Seller has not received all Revenue Quality Meter Data for any Resource ID within fifteen (15) calendar days after the end of any Showing Month, Seller shall provide Notice to Buyer of the Resource IDs (and customer service accounts with missing Revenue Quality Meter Data within each such Resource ID), and the dispatch days and hours during such Showing Month, for which Revenue Quality

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Meter Data has not been received. Seller and Buyer shall comply with the communication protocols set forth in Exhibit D with respect to data issues.

- (f) If the DRAM Resource is composed of more than one PDR, then:
- (i) Seller shall establish the portion of the Demonstrated Capacity for each such PDR by using the methods described in Sections 1.6(a)(i) through (iii), in which case the Demonstrated Capacity will equal the sum of the individual PDRs' Demonstrated Capacities.
 - (ii) The Showing Months in which DC Dispatches or DC Tests are conducted may be different for each such PDR except for the Showing Month of August, in which a DC Dispatch or DC Test is required for every PDR in the DRAM Resource pursuant to Section 1.6(b)(i).
 - (iii) In the event that multiple Resource IDs are dispatched concurrently in a Showing Month, Seller may aggregate the performance of the concurrently dispatched Resource IDs for the purpose of Demonstrated Capacity invoicing and compare the sum of such aggregated performance against the sum of the Qualifying Capacity of those Resource IDs as listed on the applicable Supply Plan. For Local Capacity products, the aggregation of concurrently dispatched Resource IDs shall be limited to resources within the same SubLAP.
- (g) With respect to any DRAM Resource Customer service account that was moved in a Showing Month pursuant to Section 3.4(d), Seller shall include the performance of such DRAM Resource Customer service account only in one PDR for purposes of the calculation of Demonstrated Capacity for such Showing Month.
- (h) If the type of Product Seller delivers under this Agreement is a Residential Customer Product, Seller's invoice shall indicate the number of Residential Customer SAID agreements and the number of Small Commercial SAID accounts in each PDR for such type of Product.
- (i) In addition to the requirements in Section 1.6(a), if Seller is electing Demonstrated Capacity for Local Capacity, then, as part of Seller's Demonstrated Capacity for Local Capacity, Seller's invoice shall indicate the number of SAID agreements in the applicable LCA that are associated with the Local Capacity as indicated in Table 1.1(b) and Exhibit C.
- (j) If Buyer is unable to validate, or disputes, any amount shown in Seller's invoice and Notice of Demonstrated Capacity, then Buyer shall issue a Notice to that effect to Seller in accordance with Section 1.6(k)(i) below. Pursuant to Section 1.6(k)(ii), Seller shall be required to provide additional documentation from Seller or Seller's SC in the form or format requested by Buyer that establishes to Buyer's reasonable satisfaction that the Demonstrated Capacity of each Product

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type from a PDR is as stated by Seller in its invoice for the applicable Showing Month.

- (i) Buyer shall issue such Notice on or before the later of: (A) the twentieth (20th) calendar day of the month and (B) the tenth (10th) calendar day after receipt of Seller's invoice and Demonstrated Capacity; provided that, if such day is not a Business Day, then on the next Business Day.
 - (ii) No later than ten (10) Business Days after receipt of Buyer's Notice, Seller shall provide the additional documentation to Buyer. If Seller fails to provide the additional documentation within such ten (10) Business Day deadline, then Buyer shall either (A) pay the subject invoice or (B) initiate an audit of Seller's or Seller's SC records by issuing a Notice ("Audit Notice") to Seller, in each case no later than fifteen (15) Business Days after the expiration of such ten (10) Business Day deadline.
 - (iii) No later than fifteen (15) Business Days after receiving the additional documentation from Seller, Buyer shall either: (A) pay the subject invoice or (B) initiate an audit of Seller or Seller's SC records by issuing an Audit Notice to Seller if the additional documentation is unsatisfactory to Buyer in its reasonable discretion.
- (k) With respect to an Audit Notice issued under Section 1.6(k)(ii) or (iii), no later than five (5) Business Days after Seller's receipt of an Audit Notice, Seller shall allow, or cause its SC to allow, Buyer or its designated independent third-party auditor to have access to the records and data, which must be in the form or format requested by Buyer under Section 1.6(k) above, necessary to conduct such audit; *provided*, such audit will be limited solely to verification of the data upon which Seller based its claim of the amount of the Demonstrated Capacity. If the type of Product designated in Section 1.1(b) is a Residential Customer Product, then, in addition to the documentation specified above, Buyer may, in its Audit Notice, require Seller or Seller's SC to provide additional documentation in the form or format requested by Buyer, that establishes to Buyer's reasonable satisfaction that the type of Product is Residential Customer Product as stated by Seller in its invoice for the applicable Showing Month. Buyer's costs, including the costs for any third-party auditor, incurred in connection with conducting such audit are the sole responsibility of Buyer. Buyer shall make a reasonable effort to conclude its audit within sixty (60) calendar days after receiving all records and data that Buyer deems necessary to complete or resolve the disputed invoice. If the audit does not result in the resolution of the disputed invoice, then either Party may initiate the Dispute Resolution process pursuant to Article 10.

1.7. Minimum Energy Dispatch Requirements

- (a) Seller shall comply with the energy dispatch requirements set forth on Exhibit E, "Minimum Energy Dispatch Requirements".

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- (b) Concurrently with the submission of its final invoice under this Agreement pursuant to Section 4.2(a), (or earlier, if Seller has received sufficient Revenue Quality Meter Data), Seller shall submit to Buyer documentation showing CAISO settlements for the delivery of the Required Energy Quantity, as calculated in accordance with Exhibit E and Section 1.7(c) below. Seller may omit price and revenue data from the documentation submitted under this Section 1.7(b).
- (c) If Seller fails to meet any of the requirements of Sections 1.7(a) and (b) above, Seller shall pay to Buyer an “Undelivered Energy Penalty” equal to:

$$\$10,000/\text{MW} \times \text{AQC} \times (1 - \text{DEQ}/\text{REQ})$$

Where:

AQC = the average Qualifying Capacity (in MW) for each of the three highest Showing Months on the month-ahead Supply Plans delivered hereunder

DEQ = the cumulative energy delivered by the applicable aggregate resources during the contracted Showing Months and during the Availability Assessment Hours

REQ = 30 MWh \times AQC

- (d) The Undelivered Energy Penalty may be netted by Buyer against amounts that would otherwise be due to Seller under this Agreement. Seller’s payment of the Undelivered Energy Penalty shall be secured by the Performance Assurance as specified in Article 5.

ARTICLE 2. CPUC APPROVAL

2.1. Obtaining CPUC Approval

Within thirty (30) calendar days after the Execution Date, Buyer shall file with the Commission the appropriate request for CPUC Approval. Seller shall use commercially reasonable efforts to support Buyer in preparing for and obtaining CPUC Approval. Buyer has no obligation to seek rehearing or to appeal a Commission decision which fails to approve this Agreement or which contains findings required for CPUC Approval with conditions or modifications unacceptable to either Party.

2.2. CPUC Approval Termination Right

- (a) Either Party has the right to terminate this Agreement upon Notice, which will be effective five (5) Business Days after such Notice is given, if (i) CPUC Approval has not been obtained or waived by Buyer in its sole discretion within sixty (60) calendar days after Buyer files its request for CPUC Approval and (ii) such Notice of termination is given on or before the ninetieth (90th) day after Buyer files the request for CPUC Approval.

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- (b) Failure to obtain CPUC Approval in accordance with this Article 2 will not be deemed to be a failure of Seller to sell or deliver the Product or a failure of Buyer to purchase or receive the Product, and will not be or cause an Event of Default by either Party. No Settlement Amount with respect to this Agreement will be due or owing by either Party, and neither Party shall have any obligation or liability to the other, upon termination of this Agreement due solely to failure to obtain CPUC Approval.

ARTICLE 3. SELLER OBLIGATIONS

3.1. Delivery of Product

- (a) No later than the deadlines set forth in subsections (i) and (ii) below, Seller shall submit, or cause Seller's SC(s) to submit:
 - (i) No later than ten (10) Business Days prior to Buyer's Compliance Showing deadlines each year or Showing Month (as applicable), Notice to Buyer which shall include Seller's Supply Plan for such year or Showing Month (as applicable) in (A) a form substantially similar to Exhibit F, or (B) a form as communicated in writing by Buyer to Seller no later than fifteen (15) Business Days prior to Buyer's Compliance Showing deadlines for such year or Showing Month (as applicable). Such Supply Plan shall include the Qualifying Capacity for each PDR identified by Seller pursuant to Section 1.4(a)(i), the sum of which shall not exceed the Monthly Contracted Quantity.
 - (ii) No later than ten (10) Business Days prior to the deadline for Seller's Supply Plan submission in subsection (i) immediately above, the additional information required by the implementation guidelines set forth in D.19-07-009, Appendix A, as modified by D.19-09-041 and D.19-12-040, and set forth with more specificity in Exhibit G (the "QC Implementation Guidelines"), including the Qualifying Capacity for each PDR identified by Seller pursuant to Section 1.4(a)(i), presented in the standardized reporting format developed by the CPUC pursuant to Ordering Paragraph 8 of D.19-07-009. If the information provided pursuant to Exhibit G supports an estimated Qualifying Capacity greater than the amount of Qualifying Capacity Seller will identify for such PDR on the Supply Plan pursuant to Section 3.1(a)(i), Seller shall also provide such Supply Plan amount for such PDR. If Buyer has any questions or concerns about the information provided by Seller pursuant to this Section 3.1(a)(ii), Buyer shall, to the extent reasonably practicable, request clarification from Seller) and take into consideration any clarification or additional information timely provided by Seller.
- (b) No later than eight (8) Business Days prior to Buyer's Compliance Showing deadlines each year or Showing Month (as applicable), Buyer shall issue a Notice to Seller in the event Buyer intends to include in Buyer's applicable compliance

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filings any amount less than the quantities in Seller's Supply Plan submitted to Buyer ("QC De-Rate Notice"). The QC De-Rate Notice will include the amount of the de-rate to such quantities and will identify the shortcomings or deficiencies in the information provided by Seller pursuant to Section 3.1(a)(ii). If Buyer issues a QC De-Rate Notice, then Seller shall provide Notice to Buyer, no later than five (5) Business Days after receipt of such QC De-Rate Notice, that Seller will either:

- (i) reduce the quantities in its Supply Plan for the applicable Showing Month to conform to the quantities shown in the QC De-Rate Notice (or such other amount as may be agreed in writing by Buyer and Seller); or
- (ii) perform a DC Dispatch or DC Test during the applicable Showing Month.

In all cases, if the Parties do not agree upon the reduction in Seller's Supply Plan quantities under subsection 3.1(b)(i) above, then a DC Dispatch or DC Test shall be required for each and every Showing Month for which Buyer has issued a QC De-Rate Notice.

- (c) Seller shall, on a timely basis, submit, or cause its SC to submit, a Supply Plan to CAISO in accordance with the CAISO Tariff. The quantities in the Supply Plan that is submitted to the Buyer under Section 3.1(a)(i) shall exactly match what is submitted by the Seller or its SC to the CAISO due on the earliest monthly applicable Buyer's Compliance Showing deadlines with CAISO and CPUC.

3.2. Resource Adequacy Benefits

Seller grants, pledges, assigns, and otherwise commits to Buyer the Qualifying Capacity for each PDR specified in the Supply Plan and all Resource Adequacy Benefits of the Product as associated with the DRAM Resource to enable Buyer to meet its RAR, Local RAR and/or Flexible RAR, as applicable. The Parties shall take all commercially reasonable actions, and execute all documents or instruments necessary, to effect the use of the Product for Buyer's sole benefit.

3.3. Provision of Information

- (a) Within a reasonable period of time, or such time prescribed by the CPUC, Seller shall provide to the CPUC (i) all periodic reports required by the CPUC and (ii) all other information requested by the CPUC relating to Seller's obligations and performance pursuant to this Agreement and the DRAM to which this Agreement relates. In responding to any information request from the CPUC, the Seller may designate information for confidential treatment consistent with CAISO and/or Commission rule, tariff or decision. Any such confidential information provided by Seller to the CPUC shall be held in confidence by the CPUC and excluded from public inspection or disclosure, unless inspection or disclosure is otherwise required by Applicable Laws.

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- (b) Seller shall achieve, or shall cause its designated SC to achieve, each Milestone set forth in Exhibit H (each, a “Milestone”) on or before the applicable deadline for achievement. Seller shall provide to Buyer:
 - (i) No later than the tenth (10th) calendar day of each month before the commencement of the Delivery Period, or within five (5) days after Buyer’s request, a progress report in the form developed by the Commission’s Energy Division pursuant to D.19-12-040, OP 28, as the same may be modified from time to time (or, if such form has not yet been finalized, substantially in the form set forth in Exhibit H) (“Progress Report”), describing Seller’s progress, including projected time to completion of remaining Milestones.
 - (ii) On or before the applicable deadline to achieve each Milestone, documentation evidencing that the Milestone has been achieved.
 - (iii) Within five (5) Business Days after Buyer’s request, any additional evidence reasonably requested by Buyer that the Milestone has been achieved.

3.4. Seller’s Obligations

- (a) Seller shall, and shall cause each of the PDRs in the DRAM Resource and corresponding DRPs and SCs to, comply with all applicable CAISO Tariff provisions, CPUC Decisions and all other Applicable Laws, including the Bidding of the DRAM Resource into the applicable CAISO Markets in compliance with the Must-Offer Obligation during the Availability Assessment Hours as required by the CAISO Tariff.
- (b) Seller shall or shall cause Seller’s DRP to execute Buyer’s Demand Response Provider Service Agreement in accordance with Rule 32.
- (c) Seller shall not include any Customer premises or resource in a PDR in the DRAM Resource that is concurrently enrolled in or otherwise concurrently committed to any other demand response program offered, maintained, or funded by Buyer (e.g., without limitation, behind-the-meter storage products in the Energy Storage RFO), or that is registered with CAISO as a part of any other demand response resource or Distributed Energy Resource Aggregation, other than as provided under this Agreement.
- (d) Seller shall not change or modify the customer composition of the DRAM Resource, including without limitation moving a DRAM Resource Customer service account in or out of any PDR of the DRAM Resource, at any time during the Delivery Period except under the following circumstances:
 - (i) Seller may add a newly recruited service account to a PDR in the DRAM Resource if that service account is not part of a PDR that is already

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included in a Supply Plan submitted by Seller to Buyer or any other LSE for the same Showing Month.

- (ii) Seller may remove a service account from a PDR in the DRAM Resource.
- (iii) If as a result of the changes in Sections 3.4(d)(i) and 3.4(d)(ii) a PDR in the DRAM Resource becomes large enough to trigger the CAISO's above 10 MW telemetry requirement, Seller may split the affected PDR into two or more smaller resources as necessary to comply with CAISO requirements.
- (iv) If as a result of the changes in Sections 3.4(d)(i) and 3.4(d)(ii) a PDR in the DRAM Resource becomes small enough to drop below the 100 kW minimum PDR size requirement, Seller may combine the affected PDR with other resources as necessary to comply with CAISO requirements.
- (v) If a service account has moved to a new LSE (e.g., to or from a community choice aggregator), and if the CAISO Tariff requires PDRs to consist of service accounts that are customers of the same LSE, then Seller may add or remove the affected service accounts as necessary to comply with CAISO requirements.
- (vi) Seller may add or remove service accounts at the beginning of a Showing Month (but not during a Showing Month):
 - (A) to rebalance a PDR to account for changed customer capabilities due to new enabling technologies or load characteristics;
 - (B) to rebalance a PDR to account for some customers having varying load curtailment capabilities in different months; or
 - (C) if this Agreement provides for the delivery of different Monthly Contracted Quantities during different Showing Months and if such movement is necessary for Seller to meet its obligations hereunder.

3.5. Indemnities for Failure to Perform.

Seller agrees to indemnify, defend and hold harmless Buyer from any costs, penalties, fines or charges assessed against Buyer by the CPUC, CAISO, FERC, or any other Governmental Body with jurisdiction over Buyer, resulting from Seller's failure to do, or cause to be done, any of the following:

- (a) Provide all of the Monthly Contracted Quantity in any Showing Month, except to the extent (i) such failure is solely the result of a failure by Buyer to perform any of its obligations pursuant to Section 6.2, or (ii) Seller reduces the Monthly Contracted Quantity in accordance with Section 1.5(b) or (c);

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- (b) Submit timely and accurate Supply Plans that identify Buyer's right to the Monthly Contracted Quantity for each Showing Month;
- (c) Comply with the requirements in Section 3.2 to enable Buyer to meet its RAR;
- (d) Meet CPUC Resource Adequacy requirements per the CPUC RA Filing Guide; or
- (e) Comply with the CAISO Tariff.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize any such costs, penalties, fines and charges; *provided*, in no event will Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these costs, penalties, fines and charges. If Seller fails to pay the foregoing penalties, fines, charges, or costs, or fails to reimburse Buyer for those penalties, fines, charges, or costs, then Buyer may offset those penalties, fines, charges or costs against any amounts it may owe to Seller under this Agreement.

Notwithstanding Seller's obligations in Section 3.5(a), Seller is not required to indemnify or reimburse Buyer for any costs allocated to Buyer by the CAISO for any capacity procured by CAISO pursuant to the Capacity Procurement Mechanism with respect to any Shortfall Capacity.

ARTICLE 4. PAYMENT AND BILLING

4.1. Delivered Capacity Payment

Buyer shall make a monthly payment to Seller, after the applicable Showing Month, ("Delivered Capacity Payment") equal to the product of (A x B x C) for each Resource ID in the DRAM Resource.

$$\text{Delivered Capacity Payment} = [A \times B \times C]$$

Where:

A = The Contract Price for the applicable Showing Month, including SC costs.

B = The value from the chart below corresponding to the applicable ratio of Demonstrated Capacity for the applicable Resource ID (or, group of Resource IDs dispatched concurrently in accordance with Section 1.6(f)(iii)) as a percentage of the Qualifying Capacity for such Resource ID (or concurrently dispatched Resource IDs) ("DC-QC Ratio"):

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Delivered Capacity (DC) Payment Values		
Band	DC- QC Ratio	Value for B
Tolerance	> 90.00%	Qualifying Capacity (kW)
Pro-rated	> 70.00% to 90%	Demonstrated Capacity (kW)
De-rated	50.00% to 70.00%	Demonstrated Capacity (kW) * 75%
Forfeiture	< 50.00%	0

C = 1.0 if Seller has chosen (i) not to deliver Residential Customer Product in Section 1.1(c) or (ii) to deliver Residential Customer Product in Section 1.1(c) and the Product delivered meets the definition of Residential Customer Product, or 0.90 if the Product delivered does not meet the definition of Residential Customer Product.

4.2. Invoice and Payment Process

- (a) Within thirty (30) calendar days after Seller has received Revenue Quality Meter Data for at least ninety-five percent (95%) of all intervals required for settlement of the DRAM Resource for the applicable Showing Month, Seller will render to Buyer an invoice for the Demonstrated Capacity and associated payment amount due, if any, with respect to such Showing Month. Seller's failure to render any invoice on or before the deadline set forth herein shall be deemed to be a submission by the Seller of a DC Dispatch-based invoice with Demonstrated Capacity at an amount below fifty percent (50%) of the Qualifying Capacity for the applicable Showing Month (i.e., within the "forfeiture" payment band in the chart in Section 4.1).
- (b) Buyer will pay Seller all undisputed invoice amounts on or before the later of (i) the twentieth (20th) day of each month (or, if such day is not a Business Day, then on the next Business Day), or (ii) the tenth (10th) Business Day after receipt of Seller's invoice and Demonstrated Capacity.
- (c) Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the

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Cash Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.

- (d) Buyer may offset against any future payments by any amount(s) that were previously overpaid.
- (e) Either Party may, in good faith, dispute the correctness of any invoice, bill, charge, or any adjustment to an invoice, rendered under this Agreement, or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, bill, charge, or adjustment to an invoice, was rendered. Disputes are subject to the provisions of Article 10 below. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with Notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within ten (10) Business Days of such resolution.
- (f) Buyer may deduct any amounts that would otherwise be due to Seller under this Agreement from any amounts owing and unpaid by Seller to Buyer under this Agreement.

4.3. Allocation of Other CAISO Payments and Costs

As between Buyer and Seller, Seller shall retain any revenues Seller or Seller's SC may receive from and pay all costs, penalties, charges charged to Seller or Seller's SC by the CAISO or any other third party in connection with the DRAM Resource, except as expressly provided otherwise in this Agreement.

ARTICLE 5. CREDIT AND COLLATERAL

5.1. Seller's Credit and Collateral Requirements

- (a) If, at any time during the Term Seller does not have a Credit Rating, or if its Credit Rating is below BBB- from S&P or Baa3 from Moody's, if rated by both S&P and Moody's or below BBB- from S&P or Baa3 from Moody's, if rated by either S&P or Moody's, but not both, Seller shall provide and maintain collateral with Buyer in an amount equal to the sum of the following: (i) twenty percent (20%) of the sum of the estimated Delivered Capacity Payments for all of the remaining months of the Delivery Period including the current month, with such estimated Delivered Capacity Payments being based on the applicable Monthly Quantity values times the applicable Contract Price, plus (ii) twenty percent (20%) of the estimated Undelivered Energy Penalty based on the associated Monthly Contracted Quantity (collectively, "Performance Assurance").
- (b) If Seller's Credit Rating is at or above BBB- from S&P and Baa3 from Moody's, if rated by both S&P and Moody's, or at or above BBB- from S&P or Baa3 from

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Moody's, if rated by either S&P or Moody's, but not both, Seller shall have no obligation to provide Performance Assurance to Buyer, and Sections 5.2 through 5.5 will not be applicable.

- (c) If required pursuant to Section 5.1(a) as of the Execution Date, Seller shall post the Performance Assurance with Buyer within ten (10) Business Days of the Execution Date. If required pursuant to Section 5.1(a) at any other time during the Term, Seller shall post the Performance Assurance with Buyer within five (5) Business Days of the date of the event that triggered Seller's posting requirement under Section 5.1(a).

5.2. Grant of Security Interest/Remedies

- (a) To secure its obligations under this Agreement, and until released as provided herein, Seller hereby grants to Buyer a present and continuing security interest in, and lien on (and right of setoff against), and collateral assignment of, the Performance Assurance and all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Buyer, and each Party agrees to take such action as the other Party reasonably requires in order to perfect Buyer's first-priority security interest in, and lien on (and right of setoff against), such Performance Assurance and collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, Buyer, if it is the Non-Defaulting Party, may do any one or more of the following: (i) exercise any of the rights and remedies of a Buyer with respect to all Performance Assurance, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of the Defaulting Party in the possession of the Non-Defaulting Party or its agent; (iii) draw on any outstanding Letter of Credit issued for its benefit; and (iv) liquidate all Performance Assurance then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of the Defaulting Party, including any equity or right of purchase or redemption by the Defaulting Party. In such an event Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller's obligations under the Agreement (Seller remaining liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

5.3. Reduction and Substitution of Performance Assurance

- (a) If the amount of Performance Assurance held by Buyer exceeds the amount required pursuant to Section 5.1, on any Business Day, Seller may give Notice to Buyer requesting a reduction in the amount of Performance Assurance previously provided by Seller for the benefit of Buyer, provided that, (i) after giving effect to the requested reduction in Performance Assurance, no Event of Default or Potential Event of Default with respect to Seller has occurred and is continuing,

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(ii) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, and (iii) no amounts are owing and unpaid from Seller to Buyer hereunder, including without limitation any Undelivered Energy Penalty. A permitted reduction in Performance Assurance may be effected by the Transfer of Cash to Seller or the reduction of the amount of an outstanding Letter of Credit previously issued for the benefit of Buyer. Buyer shall effect any permitted reduction in Performance Assurance in accordance with the form of the Performance Assurance that has been provided. In all cases, the cost and expense of reducing Performance Assurance (including, but not limited to, the reasonable costs, expenses, and attorneys' fees of Buyer) shall be borne by Seller. Unless otherwise agreed in writing by the Parties, if Seller's reduction demand is made on or before the Notification Time on a Business Day, then Buyer shall have five (5) Business Days to effect a permitted reduction in Performance Assurance, and if Seller's reduction demand is made after the Notification Time on a Business Day, then Buyer shall have six (6) Business Days to effect a permitted reduction in Performance Assurance, in each case, if such reduction is to be effected by the return of Cash to Seller. If a permitted reduction in Performance Assurance is to be effected by a reduction in the amount of an outstanding Letter of Credit previously issued for the benefit of Buyer, Buyer shall promptly take such action as is reasonably necessary to effectuate such reduction.

- (b) Except when an Event of Default or Potential Event of Default with respect to Seller shall have occurred and be continuing or an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, Seller may substitute Performance Assurance for other existing Performance Assurance of equal value upon five (5) Business Days' Notice (provided such Notice is made on or before the Notification Time, otherwise the notification period shall be six (6) Business Days) to Buyer. Upon the Transfer to Buyer of the substitute Performance Assurance, Buyer shall Transfer the relevant replaced Performance Assurance to Seller within five (5) Business Days. Notwithstanding anything herein to the contrary, no such substitution shall be permitted unless (i) the substitute Performance Assurance is Transferred simultaneously or has been Transferred to Buyer prior to the release of the Performance Assurance to be returned to Seller and the security interest in, and general first lien upon, such substituted Performance Assurance granted pursuant hereto in favor of Buyer shall have been perfected as required by applicable law and shall constitute a first priority perfected security interest therein and general first lien thereon, and (ii) after giving effect to such substitution, the substitute Performance Assurance shall equal the amount of Performance Assurance being replaced. Each substitution of Performance Assurance shall constitute a representation and warranty by Seller that the substituted Performance Assurance shall be subject to and governed by the terms and conditions of this Article 5, including without limitation the security interest in, general first lien on and right of offset against, such substituted Performance Assurance granted pursuant hereto in favor of Buyer pursuant to this Article 5.

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- (c) The Transfer of any Performance Assurance by Buyer in accordance with this Section 5.3 shall be deemed a release by Buyer of its security interest, general first lien and right of offset granted pursuant to this Article 5 hereof only with respect to such returned Performance Assurance. In connection with each Transfer of any Performance Assurance pursuant to this Article 5, Seller will, upon request of Buyer, execute a receipt showing the Performance Assurance Transferred to it.

5.4. Administration of Performance Assurance

- (a) Cash. Performance Assurance provided in the form of Cash to Buyer shall be subject to the following provisions:
 - (i) Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Buyer and no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Buyer for which there exist any unsatisfied payment obligations, then Buyer shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise use in its business any Cash that it holds as Performance Assurance hereunder, free from any claim or right of any nature whatsoever of Seller, including any equity or right of redemption by Seller.
 - (ii) So long as no Event of Default or Potential Event of Default with respect to Seller has occurred and is continuing, and no Early Termination Date has occurred or been designated as the result of an Event of Default with respect to Seller, and no amounts are owing and unpaid from Seller to Buyer hereunder, and to the extent that an obligation to Transfer Performance Assurance would not be created or increased by the Transfer, in the event that Buyer is holding Cash, Buyer will Transfer (or caused to be Transferred) to Seller, 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 Buyer), the Interest Amount when Buyer returns the Cash to Seller following the termination or expiration of this Agreement, as applicable and in conformity with Section 9.6. On or after the occurrence of a Potential Event of Default or an Event of Default with respect to Seller or an Early Termination Date as a result of an Event of Default with respect to Seller, Buyer shall retain any such Interest Amount as additional Performance Assurance hereunder until the obligations of Seller 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.
- (b) Letters of Credit. Performance Assurance provided in the form of a Letter of Credit shall be subject to the following provisions:

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- (i) Each Letter of Credit shall be maintained for the benefit of Buyer. Seller shall (A) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (B) if the bank or financial institution that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide either a substitute Letter of Credit or Cash, in each case at least thirty (30) calendar days prior to the expiration of the outstanding Letter of Credit, and (C) if a bank or financial institution issuing a Letter of Credit shall fail to honor Buyer's properly documented request to draw on an outstanding Letter of Credit, provide for the benefit of Buyer either a substitute Letter of Credit that is issued by a bank or financial institution acceptable to Buyer or Cash, in each case within one (1) Business Day after such refusal.
 - (ii) As one method of providing Performance Assurance, Seller may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.
 - (iii) Upon the occurrence of a Letter of Credit Default, Seller agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or before the first (1st) Business Day after the occurrence thereof (or the fifth (5th) Business Day after the occurrence thereof if only clause (i) under the definition of Letter of Credit Default applies).
 - (iv) Upon or at any time after the occurrence and continuation of an Event of Default or Letter of Credit Default with respect to Seller, or if an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, then Buyer may draw on the entire, undrawn portion of any outstanding Letter of Credit upon submission to the bank or financial institution issuing such Letter of Credit of one or more certificates specifying that such Event of Default, Letter of Credit Default or Early Termination Date has occurred and is continuing. Cash proceeds received from drawing upon the Letter of Credit shall be deemed Performance Assurance as security for Seller's obligations to Buyer and Buyer shall have the rights and remedies set forth in Section 5.5 with respect to such Cash proceeds. Notwithstanding Buyer's receipt of Cash proceeds of a drawing under the Letter of Credit, Seller shall remain liable (A) for any failure to Transfer sufficient Performance Assurance and (B) for any amounts owing to Buyer and remaining unpaid after the application of the amounts so drawn by Buyer.
 - (v) In all cases, the costs and expenses of establishing, renewing, substituting, canceling, and increasing the amount of a Letter of Credit shall be borne by Seller.
- (c) Care of Performance Assurance. Except as otherwise provided in Section 5.4(a)(i) and beyond the exercise of reasonable care in the custody thereof, Buyer

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shall have no duty as to any Performance Assurance in its possession or control or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Buyer shall be deemed to have exercised reasonable care in the custody and preservation of the Performance Assurance in its possession if the Performance Assurance is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Performance Assurance, or for any diminution in the value thereof, except to the extent such loss or damage is the result of Buyer's willful misconduct or gross negligence. Buyer shall at all times retain possession or control of any Performance Assurance Transferred to it.

5.5. Exercise of Rights against Performance Assurance

- (a) If an Event of Default with respect to Seller has occurred and is continuing or an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller, Buyer may exercise any one or more of the rights and remedies provided under this Agreement, or as otherwise available under Applicable Law. Without limiting the foregoing, if at any time an Event of Default with respect to Seller has occurred and is continuing, or an Early Termination Date occurs or is deemed to occur as a result of an Event of Default with respect to Seller, then Buyer may, in its sole discretion, exercise any one or more of the following rights and remedies:
 - (i) All rights and remedies available to a Buyer under the Uniform Commercial Code and any other applicable jurisdiction and other Applicable Laws with respect to the Performance Assurance held by or for the benefit of Buyer;
 - (ii) The right to set off any Performance Assurance held by or for the benefit of Buyer against and in satisfaction of any amount payable by Seller in respect of any of its obligations; and
 - (iii) The right to draw on any outstanding Letter of Credit issued for its benefit.
- (b) Buyer shall be under no obligation to prioritize the order with respect to which it exercises any one or more rights and remedies available hereunder. Seller shall in all events remain liable to Buyer for any amount payable by Seller in respect of any of its obligations remaining unpaid after any such liquidation, application and set off.

5.6. Financial Information

If requested by a Party, the other Party shall deliver, if available, (a) within one hundred twenty (120) calendar days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal year setting forth in each case in comparative form the figures for the previous year for the Party, as the case may be, and (b) within sixty (60) calendar

days after the end of each of its first three fiscal quarters of each fiscal year, a copy of a quarterly report containing unaudited consolidated financial statements for such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, and if the Party files reports with the Securities and Exchange Commission, certified in accordance with all applicable laws and regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations. If the Party does not file reports with the Securities and Exchange Commission, the reports must be certified by a Chief Financial Officer, Treasurer or any Assistant Treasurer as being fairly stated in all material respects (subject to normal year end audit adjustments); provided, for the purposes of this Section 5.6, if a Party's financial statements are publicly available electronically on the Securities and Exchange Commission's website, then this requirement shall be deemed satisfied. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements.

5.7. Access to Financial Information

- (a) Buyer shall determine, through consultation with its internal accountants and review with their independent registered public accounting firm, that Buyer is required to consolidate Seller's financial statements with Buyer's financial statements for financial accounting purposes under Accounting Standards Codification (ASC) 810/Accounting Standards Update 2009-17, "Consolidation of Variable Interest Entities" (ASC 810), or future guidance issued by accounting profession governance bodies or the SEC that affects Buyer accounting treatment for this Agreement (the "Financial Consolidation Requirement").
- (b) If the Financial Consolidation Requirement is applicable, then:
 - (i) Within twenty (20) calendar days following the end of each calendar year (for each year that such treatment is required), Seller shall deliver to Buyer unaudited financial statements and related footnotes of Seller as of the end of the year. It is permissible for Seller to use accruals and prior months' estimates with true-up to actual activity, in subsequent periods, when preparing the unaudited financial statements. The annual financial statements should include quarter-to-date and yearly information. Buyer shall provide to Seller a checklist before the end of each year listing the items which Buyer believes are material to Buyer and required for this purpose, and Seller shall provide the information on the checklist, subject to the availability of data from Seller's records. It is permissible for Seller to use accruals and prior month's estimates with true-up to actual activity, in subsequent periods, when preparing the information on the checklist. If audited financial statements are prepared for Seller for the year, Seller shall provide such statements to Buyer within five (5) Business Days after those statements are issued.

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- (ii) Within fifteen (15) calendar days following the end of each fiscal quarter (for each quarter that such treatment is required), Seller shall deliver to Buyer unaudited financial statements and related footnotes of Seller as of the end of the quarterly period. The financial statements should include quarter-to-date and year-to-date information. Buyer shall provide to Seller a checklist before the end of each quarter listing items which Buyer believes are material to Buyer and required for this purpose, and Seller shall provide the information on the checklist, subject to the availability of data from Seller's records. It is permissible for Seller to use accruals and prior months' estimates with true-up to actual activity, in subsequent periods, when preparing the unaudited financial statements.
 - (iii) If Seller regularly prepares its financial data in accordance with GAAP, IFRS, or Successor, the financial information provided to Buyer shall be prepared in accordance with such principles. If Seller is not a SEC registrant and does not regularly prepare its financial data in accordance with GAAP, IFRS or Successor, the information provided to Buyer shall be prepared in a format consistent with Seller's regularly applied accounting principles, e.g., the format that Seller uses to provide financial data to its auditor.
- (c) If the Financial Consolidation Requirement is applicable, then promptly upon Notice from Buyer, Seller shall allow Buyer's independent registered public accounting firm such access to Seller's records and personnel, as reasonably required so that Buyer's independent registered public accounting firm can conduct financial statement audits in accordance with the standards of the Public Company Accounting Oversight Board (United States), as well as internal control audits in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, as applicable. All expenses for the foregoing shall be borne by Buyer. If Buyer's independent registered public accounting firm during or as a result of the audits permitted in this Section 5.7(c) determines a material weakness or significant deficiency, as defined by GAAP, IFRS or Successor, as applicable, exists in Seller's internal controls over financial reporting, then within ninety (90) calendar days of Seller's receipt of Notice from Buyer, Seller shall remediate any such material weakness or significant deficiency; provided, Seller has the right to challenge the appropriateness of any determination of material weakness or significant deficiency. Seller's true up to actual activity for yearly or quarterly information as provided herein shall not be evidence of material weakness or significant deficiency.
- (d) Buyer shall treat Seller's financial statements and other financial information provided under the terms of this Section 5.7 in strict confidence and, accordingly:
 - (i) Shall utilize such Seller financial information only for purposes of preparing, reviewing or certifying Buyer's or any Buyer parent company financial statements, for making regulatory, tax or other filings required by

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law in which Buyer is required to demonstrate or certify its or any parent company's financial condition or to obtain credit ratings;

- (ii) Shall make such Seller financial information available only to its officers, directors, employees or auditors who are responsible for preparing, reviewing or certifying Buyer's or any Buyer parent company financial statements, to the SEC and the Public Company Accounting Oversight Board (United States) in connection with any oversight of Buyer's or any Buyer parent company financial statement and to those persons who are entitled to receive confidential information as identified in Article 13; and
 - (iii) Buyer shall ensure that its internal auditors and independent registered public accounting firm (A) treat as confidential any information disclosed to them by Buyer pursuant to this Section 5.7, (B) use such information solely for purposes of conducting the audits described in this Section 5.7, and (C) disclose any information received only to personnel responsible for conducting the audits.
- (e) If the Financial Consolidation Requirement is applicable, then, within two (2) Business Days following the occurrence of any event affecting Seller which Seller understands, during the Term, would require Buyer to disclose such event in a Form 8-K filing with the SEC, Seller shall provide to Buyer a Notice describing such event in sufficient detail to permit Buyer to make a Form 8-K filing.
- (f) If, after consultation and review, the Parties do not agree on issues raised by Section 5.7(a), then such dispute shall be subject to review by another independent audit firm not associated with either Party's respective independent registered public accounting firm, reasonably acceptable to both Parties. This third independent audit firm will render its recommendation on whether consolidation by Buyer is required. Based on this recommendation, Seller and Buyer shall mutually agree on how to resolve the dispute. If Seller fails to provide the data consistent with the mutually agreed upon resolution, Buyer may declare an Event of Default pursuant to Section 9.1. If the independent audit firm associated with Buyer still determines, after review by the third-party independent audit firm, that Buyer must consolidate, then Seller shall provide the financial information necessary to permit consolidation to Buyer; provided, in addition to the protections in Article 13, such information shall be password protected and available only to those specific officers, directors, employees and auditors who are preparing and certifying the consolidated financial statements and not for any other purpose.

5.8. Uniform Commercial Code Waiver

This Agreement sets forth the entirety of the agreement of the Parties regarding credit, collateral, financial assurances and adequate assurances. Except as expressly set forth in this Agreement, including, those provisions set forth in Article 5 and Article 9, neither Party:

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- (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 Article 5 and Article 9; 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.

ARTICLE 6. SPECIAL TERMS AND CONDITIONS

6.1. Limitation of Liability

Buyer has no obligations to any person or entity that is, or may participate as, a DRAM Resource Customer, DRP (if Seller is not a DRP), or Seller's SC and Seller shall indemnify Buyer against any claim made by any such DRAM Customer, the DRP (if Seller is not a DRP), or Seller's SC with respect to its participation in or with the PDR or DRAM Resource, as applicable.

6.2. Buyer Provision of Information

Buyer shall provide to Seller, to the extent available and permitted by Applicable Law, including Rule 32, provide specific information consistent with the Customer Information Service Request Form for Demand Response Providers (CISR-DRP) adopted by the CPUC in D.13-12-029 and Resolution E-4630 including, but not limited to, usage, and/or meter data of a Customer, if Seller provides to Buyer written authorization from such Customer to release such information. Such written authorization must be provided in a form reasonably acceptable to Buyer. Buyer shall be liable for penalties or charges incurred by Seller from either the CAISO or the CPUC resulting solely from Buyer's failure to provide timely, accurate data to Seller in accordance with this Section 6.2.

6.3. Changes in Applicable Laws

- (a) If a change in Applicable Laws renders this Agreement or any material terms herein incapable of being performed or administered, then either Party, on Notice, may request the other Party to enter into good faith negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed or administered, while attempting to preserve to the maximum extent possible the benefits, burdens and obligations set forth in this Agreement as of the Execution Date. The Parties acknowledge that such changes may require the approval of the CPUC before becoming effective.
- (b) If the Parties have been unable to reach agreement within thirty (30) calendar days after receipt of such Notice, then either Party may terminate this Agreement by providing Notice. A Party's exercise of its rights under this Section 6.3 will not be deemed to be a failure of Seller to sell or deliver the Product or a failure of Buyer to purchase or receive the Product, and will not be or cause an Event of

Default by either Party. Neither Party shall have any further obligation or liability to the other and no Settlement Amount with respect to this Agreement will be due or owing by either Party upon termination of this Agreement due solely to a Party's exercise of its right pursuant to this Section 6.3.

6.4. DBE Reporting

No later than twenty (20) calendar days after each semi-annual period ending on June 30th or December 31st during the Term, Seller shall provide to Buyer a report listing all Diverse Business Enterprises that supplied goods or services to Seller during such period, including any certifications or other documentation of such Diverse Business Enterprises' status as such and the amount paid to each Diverse Business Enterprise during such period.

- a. Buyer has the right to disclose to the CPUC all such information provided by Seller pursuant to this Section 6.4.
- b. Seller shall make reasonable efforts to accommodate requests by the CPUC (or by Buyer in response to a request by the CPUC) to audit Seller in order to verify data provided by Seller pursuant to this Section 6.4.

6.5. Governmental Charges

Seller shall pay on request and indemnify Buyer against any taxes (including without limitation, any applicable transfer taxes and stamp, registration or other documentary taxes), assessments, or charges that may become payable by reason of the security interests, general first lien and right of offset granted under this Agreement or the execution, delivery, performance or enforcement of this Agreement, as well as any penalties with respect thereto.

6.6. Customers in Buyer Automated Demand Response Program

Seller agrees to and acknowledges the following with respect to Buyer's non-Residential Customers which are included in Seller's DRAM Resource and have received ADR incentives or rebates to install demand response capable control technologies:

- (a) Customers in Seller's DRAM Resource are eligible for ADR incentives or rebates, subject to the requirements of this Agreement, Commission requirements, and Applicable Laws. The Customer remains responsible for fulfilling its obligations under Buyer's ADR program rules during the time period such ADR Customer is in Seller's DRAM Resource.
- (b) Seller shall be responsible for (i) notification to ADR Customers in its DRAM Resource of each Bid awarded by the CAISO ("Award") for a PDR, and (ii) operation of the ADR Customers' ADR control technology in response to an Award. During the time period that an ADR Customer is enrolled in a DRAM Resource, Buyer (or its agent) will not send notifications to such ADR Customer of Awards and will not operate ADR Customers' ADR control technology.

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- (c) If Seller or its DRP enrolls a Customer who has received ADR incentives or rebates in Seller's DRAM Resource, Seller shall provide Buyer (or its agent) with Notice within five (5) Business Days of such enrollment of the ADR Customer's enrollment along with the ADR Customer's name, service account address, SAID, location, the ADR agreement, and confirmation that the ADR Customer has unenrolled from all or any of Buyer's event-based demand response programs (other than ADR) prior to enrolling in Seller's DRAM Resource. Seller shall provide Buyer (or its agent) with Notice within fifteen (15) calendar days after such Customer leaves Seller's DRAM Resource.
- (d) Customers who have received ADR incentives within the past year who enroll in a DRAM Resource will be required to demonstrate performance through the DRAM Resource to qualify for additional ADR incentive payments as indicated in the statewide ADR Guidelines.
- (e) Buyer (or its agent) may communicate (i) with Seller's Customers who have received ADR incentives or rebates about the requirements for the Customer to participate in a demand response program, and (ii) with Seller's Customers with respect to anything involving their ADR incentive or rebate eligibility.
- (f) Seller shall provide to Buyer (or its agent) all information necessary for Buyer to administer the Customers' ADR incentives or rebates, including, but not limited to: (i) the information described in Section 6.6(c), (ii) the days in each Showing Month of Dispatch of the applicable PDR in the DRAM Resource, (iii) all hours in such Showing Month, corresponding to the days in subsection (ii), when Seller dispatched or called on the ADR Customer to respond to an Award, and (iv) information on ADR Customers that Seller did not dispatch or call on to respond to an Award for such Showing Month. The Customer's participation in the Seller's DRAM Resource as described in this Section 6.6(f) will be used in conjunction with the ADR Customer's participation in Buyer's demand response programs, to calculate the Customer's actual performance and subsequent incentive payments.
- (g) If Seller does not provide all the information Buyer needs to administer the ADR incentives for the Customer, the ADR Customer will be in non-compliance with the requirements of the ADR program.
- (h) Following the termination or expiration of this Agreement, Buyer (or its agent) may notify the Customers in Seller's DRAM Resource that have received ADR incentives or rebates of their commitment to participate in a demand response program for a total of three years.

ARTICLE 7. REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1. Representations and Warranties of Both Parties

On the Execution Date, each Party represents and warrants to the other Party that:

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- (a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) Except for CPUC Approval in the case of Buyer, it has or will timely acquire all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (d) This Agreement constitutes its legally valid and binding obligation, enforceable against it in accordance with its terms;
- (e) It is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or become Bankrupt;
- (f) There is not pending or, to its knowledge, threatened against it, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (g) It (i) is acting for its own account, (ii) has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, (iii) is not relying upon the advice or recommendations of the other Party in so doing, and (iv) is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions, and risks of this Agreement; and
- (h) It has entered into this Agreement in connection with the conduct of its business and it has the capability or ability to make available or take delivery of, as applicable, the Product under this Agreement in accordance with the terms of this Agreement.

7.2. Additional Seller Representations, Warranties and Covenants

- (a) On the Execution Date, Seller represents and warrants to Buyer that Seller has not used, granted, pledged, assigned, or otherwise committed any of the Monthly Quantity to meet the RAR, Local RAR and/or Flexible RAR, as applicable, or confer Resource Adequacy Benefits upon, any entity other than Buyer during the Delivery Period.
- (b) Seller covenants that throughout the Delivery Period:
 - (i) Seller will deliver the Product to Buyer free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person.

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- (ii) Seller has been authorized by each Customer, to act as an aggregator on behalf of such Customer to participate as a PDR in the DRAM Resource, if Seller is not also a Customer.
- (iii) The DRP has been authorized by each Customer to act on behalf of such Customer to participate as a PDR for the DRAM Resource, if Seller is not the DRP.
- (iv) Seller will not use, grant, pledge, assign, or otherwise commit any Monthly Contracted Quantity to meet the RAR, Local RAR, and/or Flexible RAR, as applicable, or confer Resource Adequacy Benefits of the Product upon, any entity other than Buyer during the Delivery Period.
- (v) During each month of the Delivery Period, if any participating Customers in the DRAM Resource have a Prohibited Resource, Seller shall ensure that such Prohibited Resource is not used to reduce load during a Dispatch by any PDR providing Product to Buyer during such month, as follows:
 - A. For all Residential Customers, Seller shall include a provision in its contract forbidding the use of Prohibited Resources to reduce load during a Dispatch by any PDR providing Product to Buyer. Any Customer that does not accept the prohibition will not be eligible to participate in the Seller's DRAM Resource.
 - B. Seller shall require from each of its non-Residential Customers an attestation form attesting to one of the following conditions:
 - 1. the Customer does not have a Prohibited Resource on site;
 - 2. the Customer has a Prohibited Resource on site and will not use the resource to reduce load during a Dispatch by any PDR providing Product to Buyer; or
 - 3. the Customer has a Prohibited Resource on site and may have to use the resource during Demand Response events for operational, health or safety reasons. The total nameplate capacity in kW of the Customer's resource(s) will be used as the Default Adjustment Value (DAV) to adjust the Demand Response incentives / charge for the Customer's account.

For condition 1 above, the Customer's attestation must include the service account number. For conditions 2 and 3 above, each attestation must provide the service account number, the number of unit(s) of Prohibited Resources on site, and the nameplate capacity of the Prohibited Resource (or, if the Customer has multiple Prohibited Resources, the sum of the nameplate capacity values from all Prohibited Resources on site) (the "Default Adjustment Value"). For condition (3), this Default Adjustment Value will be subtracted from

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the Potential Load Reduction or Nominated Capacity. Customers must agree to a default adjustment in which the amount of Product such Customer can provide is reduced by the Default Adjustment Value, regardless of whether the Prohibited Resource was actually used. Customers with multiple service accounts enrolled through Seller may submit one attestation form per attestation scenario.

- C. Seller shall collect and store all such Customer attestations and make them available upon request, to a Verification Administrator or the CPUC. Seller shall also collect and store supporting documentation, such as nameplate capacities for each resource under each attestation scenario, and make them available upon request to Buyer, the Verification Administrator or the CPUC.
- D. For non-Residential Customers, the attestation shall occur at the time of enrollment and may be provided with a wet signature, a click, or an electronic signature. Any non-Residential Customer that does not complete this component of the enrollment process will not be eligible to participate in Seller's DRAM Resource. Consistent with CPUC Resolution E-4906, the Seller's contractual agreement is contingent upon compliance with both the prohibition and the submission of the Customers' attestations, which are subject to verification.
- E. Seller shall include provisions in its contracts that Customers are subject to random annual audits (1) requiring compliance with verification requests and facility access for site visits as deemed necessary by the Verification Administrator; (2) requiring the Customer to provide the Verification Administrator with written operating manifest(s), date and time stamped photo(s) of the Prohibited Resource unit(s), load curtailment plan(s), single line diagram(s) permit copy(ies), or other information or documentation about their onsite Prohibited Resources; and (3) allowing the Buyer or its contractor(s) to install monitoring equipment at the Sites for the purposes of verification of attestations.
- F. Seller shall include additional and separate provisions near the beginning of its contracts with Customers explaining and implementing these restrictions specifying that Customer compliance will be subject to verification, indicating the consequences for noncompliance with the provision. All contracts with non-Residential Customers shall indicate that the non-compliance consequences will be as set forth in this section. If the instance of non-compliance involves clerical or administrative errors, such as an inaccurate listing of a Customer name or the nameplate value of a Prohibited Resource in an attestation, or a failure to include a Customer's Prohibited Resource on an attestation, provided in all cases that such Prohibited Resource is not used in violation of the terms of this Agreement (collectively,

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“Type One Non-Compliance”), Seller shall specify that Customers will have sixty (60) calendar days from receipt of notice to cure such Type-One Non-Compliance. If the instance of non-compliance involves either (1) the Customer does not attest to the use of any Prohibited Resource but is using a Prohibited Resource to reduce load during a demand response event; or (2), a Customer submits an invalid nameplate capacity value for the Prohibited Resource(s) that is lower than the actual capacity value on the nameplate (collectively “Type Two Non-Compliance”), then Customer will be removed from Seller’s DRAM Resource as follows. If there is an instance of (x) an uncured Type One Non-Compliance, or (y) a Type Two Non-Compliance, the consequences will be removal from Seller’s DRAM Resource and ineligibility to enroll in any DRAM Seller’s Resource or Buyer’s demand response program subject to the prohibited resource requirement in D.16-09-056 for twelve calendar months from the removal date (for a single instance of noncompliance), or three years from the removal date (for two or more instances of noncompliance).

- G. Seller shall provide such documentation as may be reasonably necessary for Buyer to verify the accuracy of the attestations referenced in subsections B(1)–(3) above and Seller’s compliance with and enforcement of this Section 7.2(b)(v). For all non-Residential Customers, (1) Sellers will provide the Default Adjustment Values (DAVs) monthly (with Demonstrated Capacity information); and, (2) Sellers will ensure that CAISO wholesale market bids reflect portfolio amounts prior to de-rating. Seller shall comply with any Prohibited Resource audit verification plan that is developed in accordance with D. 16-09-056 and approved by the CPUC.
- H. On an annual basis, Seller shall provide to Buyer the language on the prohibition included in its respective Residential Customer contracts. Seller will develop metrics, targets and record keeping systems to assess the effectiveness of its Customer outreach and notification efforts required under this Section 7.2(b)(v), and will provide such materials to the Buyer, the CPUC, and the Verification Administrator upon the request of Buyer or the CPUC.
- I. Seller shall include provisions in its contracts with non-Residential Customers permitting updates to their attestations to (1) add, remove or modify an on-site Prohibited Resource; (2) change the status or use of a Prohibited Resource to reduce load during any Dispatch; or (3) change the Default Adjustment Value, but only if, in each case, the change is supported by documentation that confirms the operational change and can be verified by a Verification Administrator.

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- J. Verification methods for Customers under the condition noted in Section 7.2(b)(v)(I)(3) above shall be based on documentation of nameplate capacity, instead of load curtailment plans.
- K. If further documentation in the form of load curtailment plans are required, Seller shall comply with the Verification Administrator's requests for supporting materials.
- L. The Buyer has been directed by the CPUC to require a standardized non-disclosure agreement (NDA) that the Verification Administrator executes with the Buyer. This NDA pertains to all sellers and their customers from whom they collect market-sensitive, proprietary data. Verification information obtained from sellers and their customers is only to be submitted to and collected by the Verification Administrator consistent with CPUC Resolution E-4906. Under the terms of this NDA, third party customers' market-sensitive, proprietary information shall not to be shared with the Buyer, will be kept under seal, and shall be made available to the Commission upon request. Per Ordering Paragraph 14 of CPUC Resolution E-4906, all aggregators must store Customer attestations and make them available to the CPUC upon request. The Seller shall store non-Residential Customer attestations and make them available to the Buyer or Commission upon request.

ARTICLE 8. NOTICES

8.1. Notices

Notices, requests, statements or payments from one Party to the other Party shall be made to the addresses and persons specified in Section 8.2. All Notices, requests, statements or payments from one Party to the other Party shall be made in writing and may be delivered by hand delivery, first class United States mail, overnight courier service, e-mail or facsimile. Notice from one Party to the other Party by e-mail or facsimile (where confirmation of successful transmission is received) shall be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it shall be deemed received on the next Business Day). Notice from one Party to the other Party by hand delivery or overnight delivery shall be deemed to have been received when delivered. A Party may change its contact information by providing Notice of the same in accordance herewith.

8.2. Contact Information

For Buyer: San Diego Gas and Electric Company

Street: 8315 Century Park Court, CP12W
City: San Diego, CA
Zip: 92123

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Attn: Demand Response – DRAM –
Brad Mantz
Phone: 858-790-1502
Email: BMantz@SDGE.com
Duns: 006911457
Federal Tax ID Number: 95-1184800

Supply Plan Contact:

San Diego Gas & Electric Company
8326 Century Park Ct.
San Diego, California 92123
Attn: Electric and Fuel Procurement – Kaitlin Gerszewski
Phone: (619) 676-4874
Email: KNGersze@sdge.com

Other Buyer Contact Information

Payments:

San Diego Gas & Electric Company
PO Box 25110
Santa Ana, CA 92799-5110
Attn: Mail Payments
Phone: (619) 696-4521

Wire Transfer:

BNK: Union Bank of California for: San Diego Gas & Electric Company
ABA: Routing #122000496
ACCT: #4430000352
Reference: SAP # 2130015
Confirmation: SDG&E, Major Markets
Facsimile: (213) 244-8316

Credit and Collections:

San Diego Gas & Electric Company, Major Markets
8326 Century Park Court
San Diego, CA 92123
Attn.: Major Markets, Credit and Collections
Fax No.: (866) 830-9348
Phone: (213) 244-3917

Notices of an Event of Default or Potential Event of Default:

San Diego Gas & Electric Company
8330 Century Park Ct.
San Diego, California 92123
Attn: General Counsel
Phone: (858) 650-6141
Facsimile: (858) 650-6106

For Seller:

Billing Representative

[Name]

Phone:

Facsimile:

Email:

Contract Representative

[Name]

Phone:

Facsimile:

Email:

Supply Plan Contact

[Name]

Phone:

Facsimile:

Email:

Other Seller Contact Information

ACH

BNK:

ABA:

ACCT:

Credit and Collections

Attn:

Phone:

Facsimile:

Email:

Notices of Event of Default or Potential Event of Default to:

[Name]

Phone:

Facsimile:

Email:

The Parties acknowledge and agree that those persons set forth in this Section 8.2 are designated by each Party as their respective authorized representatives to act on their behalf for the purposes described therein.

ARTICLE 9. EVENTS OF DEFAULT; TERMINATION

9.1. Events of Default

An “Event of Default” shall mean, with respect to a Party (“Defaulting Party”), the occurrence of any of the following:

- (a) With respect to either Party:
 - (i) The failure to make, when due, any payment required to be made to the other Party pursuant to this Agreement, if such failure is not remedied within three (3) Business Days after written Notice of such failure is given by the Non-Defaulting Party;
 - (ii) Any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated if the representation or warranty is continuing in nature;
 - (iii) The failure to perform any material covenant, obligation, term or condition of this Agreement (except to the extent constituting a separate Event of Default), where such breach is not remedied within five (5) Business Days of Notice of such breach by the Non-Defaulting Party.
 - (iv) Such Party becomes Bankrupt; or
 - (v) A Merger Event occurs with respect to such Party.
- (b) With respect to Seller:
 - (i) The failure of Seller to satisfy the collateral requirements set forth in Article 5;
 - (ii) During the Term, Seller makes any material misrepresentation or omission in any report required to be made or furnished by Seller, the Seller’s DRP or the Seller’s SC pursuant to this Agreement;
 - (iii) During the Delivery Period, Seller sells, assigns, or otherwise transfers, or commits to sell, assign, or otherwise transfer, the Product, or any portion thereof, to any party other than Buyer without Buyer’s written consent; or
 - (iv) During the Term, the occurrence and continuation of a default, event of default or other similar condition or event (however described) in respect of Seller under one or more agreements or instruments relating to indebtedness for borrowed money (whether present or future, contingent or otherwise), which results in such indebtedness for borrowed money (whether present or future, contingent or otherwise) becoming, or becoming capable at such time of being declared, immediately due and payable under such agreements or instruments, before it would otherwise

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have been due and payable, or a default by Seller in making one or more payments on the due date thereof in an aggregate amount of not less than *[To be determined]* under such agreements or instruments (after giving effect to any applicable notice requirement or grace period).

- (v) During the Term, Seller fails to comply with the requirements of Section 7.2(b)(v), where such breach is not remedied within thirty (30) calendar days of Notice of such breach by Buyer.
- (vi) The aggregate Demonstrated Capacity for all Resource IDs in the DRAM Resource is less than fifty percent (50%) of the aggregate Qualifying Capacity for all Resource IDs in the DRAM Resource in any two (2) sequential Showing Months for which Demonstrated Capacity was calculated with reference to the results of a DC Dispatch pursuant to Section 1.6(a)(i) or a DC Test pursuant to Section 1.6(a)(ii) (excluding any intervening months with invoices based on Must-Offer Obligation bids pursuant to Section 1.6(a)(iii)).
- (vii) Seller fails to achieve a Milestone by the applicable deadline for such Milestone as set forth in Section 3.3(b), and such failure is not remedied within five (5) Business Days after Notice from Buyer.

9.2. Early Termination

If an Event of Default shall have occurred, the Party taking the default (the “Non-Defaulting Party”) has the right:

- (a) To designate by Notice, which will be effective five (5) Business Days after the Notice is given, a day, no later than twenty (20) calendar days after the Notice is effective, for the early termination of this Agreement (an “Early Termination Date”);
- (b) Withhold any payments due to the Defaulting Party under this Agreement;
- (c) Suspend performance of this Agreement, but excluding Seller’s obligation to post and maintain Performance Assurance in accordance with Article 5; and
- (d) To pursue all remedies available at law or in equity against the Defaulting Party (including monetary damages), except to the extent that such remedies are limited by the terms of this Agreement.

9.3. Termination Payment

- (a) As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide Notice to the Defaulting Party of the amount of the Termination Payment. The Notice must include a written statement setting forth, in reasonable detail, the calculation of such Termination Payment including the Settlement Amount, together with appropriate supporting documentation.

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- (b) If the Termination Payment is positive, the Defaulting Party shall pay such amount to the Non-Defaulting Party within two (2) Business Days after the Notice is provided. If the Termination Payment is negative (i.e., the Non-Defaulting Party owes the Defaulting Party more than the Defaulting Party owes the Non-Defaulting Party), then the Settlement Amount shall be zero dollars (\$0), and the Non-Defaulting Party shall only pay to the Defaulting Party, within thirty (30) calendar days after the Notice is provided, any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date.
- (c) If a Party disputes the other Party's calculation of the Termination Payment, in whole or in part, the disputing Party shall, within two (2) Business Days of receipt of the Party's calculation of the Termination Payment, provide to the other Party a detailed written explanation of the basis for such dispute. Any disputes as to the calculation of the Termination Payment which the Parties are unable to resolve may be submitted to dispute resolution as provided in Article 10.

9.4. Reserved

9.5. Suspension of Performance

Notwithstanding any other provision of this Agreement, if (a) an Event of Default or (b) a Potential Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon Notice to the Defaulting Party, shall have the right (i) to suspend performance under this Agreement and (ii) to the extent an Event of Default shall have occurred and be continuing to exercise any remedy available at law or in equity.

9.6. Rights and Obligations Surviving Termination or Expiration

The rights and obligations that are intended to survive a termination or expiration of this Agreement are all of those rights and obligations that this Agreement expressly provides survive any such termination or expiration and those that arise from a Party's covenants, agreements, representations, and warranties applicable to, or to be performed, at or during any time before or as a result of the termination or expiration of this Agreement, including:

- (a) A Party's obligation to provide information, including but not limited to Sections 3.3, 5.7, 6.2 and 6.4;
- (b) A Party's obligations with respect to invoices and payments pursuant to this Agreement;
- (c) The obligation of Seller to maintain Performance Assurance as set forth in Section 5.1;
- (d) The obligation of Buyer to return any Performance Assurance under Section 5.3;
- (e) The right to pursue remedies as set forth in Sections 9.2(d) and Article 10;
- (f) The obligations with respect to a Termination Payment as set forth in Section 9.3;

- (g) The dispute resolution provisions of Article 10;
- (h) The indemnity obligations expressly set forth in this Agreement;
- (i) The limitation of liabilities as set forth in Sections 3.5, 6.1 and Article 12;
- (j) The obligation of confidentiality as set forth in Article 13; and
- (k) A Party's obligation to comply with all applicable federal, state and local laws and rules, including without limitation, laws and rules protecting the confidentiality and privacy of Customer and Personal Confidential Information, such as the California Consumer Privacy Act of 2018, as set forth in Section 13.1(b) of this Agreement.

ARTICLE 10. DISPUTE RESOLUTION

10.1. Dispute Resolution

Other than requests for provisional relief under Section 10.5, any and all Disputes which the Parties have been unable to resolve by informal methods after undertaking a good faith effort to do so, must first be submitted to mediation under the procedures described in Section 10.3 below, and if the matter is not resolved through mediation, then for final and binding arbitration under the procedures described in Section 10.4 below.

The Parties waive any right to a jury and agree that there will be no interlocutory appellate relief (such as writs) available. Any Dispute resolution process pursuant to this Article 10 shall be commenced within one (1) year of the date of the occurrence of the facts giving rise to the Dispute, without regard to the date such facts are discovered; provided, if the facts giving rise to the Dispute were not reasonably capable of being discovered at the time of their occurrence, then such one (1) year period shall commence on the earliest date that such facts were reasonably capable of being discovered. If the Dispute resolution process pursuant to Article 10 with respect to a Dispute is not commenced within such one (1) year time period, such Dispute shall be barred, without regard to any other limitations period set forth by law or statute.

10.2. Negotiation

Except for disputes arising with respect to a Termination Payment, the Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by prompt negotiations between each Party's Contract Representative, as identified in Section 8.2, or such other person designated in writing as a representative of the Party ("Manager"). Either Manager may request a meeting (in person or telephonically) to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place. If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies, who shall have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall

provide one another written notice confirming the referral and identifying the name and title of the Executive who will represent the Party.

Within five (5) Business Days of the Referral Date the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) calendar days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet as often as they reasonably deem necessary to exchange the relevant information and to attempt to resolve the dispute.

All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.

If the matter is not resolved within forty-five (45) calendar days of the Referral Date, or if the Party receiving the written request to meet, pursuant to the first paragraph of this Section 10.2, refuses or will not meet within ten (10) Business Days, either Party may initiate mediation of the controversy or claim according to the terms of the following Section 10.3.

If a dispute exists with respect to the Termination Payment, and such dispute cannot be resolved by good faith negotiation of the Parties within ten (10) Business Days of the Non-Defaulting Party's receipt of the detailed basis for the explanation of the dispute then either Party may refer the matter directly to Arbitration, as set forth in Section 10.4 below.

10.3. Mediation

Either Party may initiate mediation by providing Notice to the other Party of a written request for mediation, setting forth a description of the Dispute and the relief requested.

The Parties will cooperate with one another in selecting the mediator ("Mediator") from the panel of neutrals from Judicial Arbitration and Mediation Services, Inc. ("JAMS"), its successor, or any other mutually acceptable non-JAMS Mediator, and in scheduling the time and place of the mediation.

The Parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs (other than each Party's individual attorneys' fees and costs related to the Party's participation in the mediation, which fees and costs will be borne by such Party).

All offers, promises, conduct and statements, whether oral or written, made in connection with or during the mediation by either of the Parties, their agents, representatives, employees, experts and attorneys, and by the Mediator or any of the Mediator's agents, representatives and employees, will not be subject to discovery and will be confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding between or involving the Parties, or either of them; provided, evidence that is otherwise admissible or discoverable will not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

10.4. Arbitration

Either Party may initiate binding arbitration with respect to the matters first submitted to mediation by providing Notice in accordance with Article 8 of a demand for binding arbitration before a single, neutral arbitrator (the “Arbitrator”) if mediation pursuant to Section 10.3 above does not result in resolution of the dispute within sixty (60) calendar days after service of a written demand for mediation (as the same may be extended by mutual agreement of the Parties).

If Notice of arbitration is not provided by either Party within sixty (60) calendar days following the unsuccessful conclusion of the mediation provided for in Section 10.3 above, the Dispute resolution process shall be deemed complete and further resolution of such Dispute shall be barred, without regard to any other limitations period set forth by law or statute.

The Parties will cooperate with one another in selecting the Arbitrator and scheduling the arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually acceptable Arbitrator, the Arbitrator will be appointed as provided for in California Code of Civil Procedure Section 1281.6.

To be qualified as an Arbitrator, each candidate must be a retired judge of a trial court of any state or federal court, or retired justice of any appellate or supreme court.

Unless otherwise agreed to by the Parties, the individual acting as the Mediator will be disqualified from serving as the Arbitrator in the dispute, although the Arbitrator may be another member of the JAMS panel of neutrals or such other panel of neutrals from which the Parties have agreed to select the Mediator.

Upon Notice of a Party’s demand for binding arbitration, such Dispute submitted to arbitration, including the determination of the scope or applicability of this agreement to arbitrate, will be determined by binding arbitration before the Arbitrator, in accordance with the laws of the State of California, without regard to principles of conflicts of laws.

Except as provided for herein, the arbitration will be conducted by the Arbitrator in accordance with the rules and procedures for arbitration of complex business disputes for the organization with which the Arbitrator is associated.

Absent the existence of such rules and procedures, the arbitration will be conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Section 1280 et seq. and California procedural law (including the Code of Civil Procedure, Civil Code, Evidence Code and Rules of Court, but excluding local rules).

Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration will be in Los Angeles County, California.

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Also notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, discovery will be limited as follows:

- (a) Before discovery commences, the Parties shall exchange an initial disclosure of all documents and percipient witnesses which they intend to rely upon or use at any arbitration proceeding (except for documents and witnesses to be used solely for impeachment);
- (b) The initial disclosure will occur within thirty (30) calendar days after the initial conference with the Arbitrator or at such time as the Arbitrator may order;
- (c) Discovery may commence at any time after the Parties' initial disclosure;
- (d) The Parties will not be permitted to propound any interrogatories or requests for admissions;
- (e) Discovery will be limited to twenty-five (25) document requests (with no subparts), three (3) lay witness depositions, and three (3) expert witness depositions (unless the Arbitrator holds otherwise following a showing by the Party seeking the additional documents or depositions that the documents or depositions are critical for a fair resolution of the Dispute or that a Party has improperly withheld documents);
- (f) Each Party is allowed a maximum of three (3) expert witnesses, excluding rebuttal experts;
- (g) Within sixty (60) calendar days after the initial disclosure, or at such other time as the Arbitrator may order, the Parties shall exchange a list of all experts upon which they intend to rely at the arbitration proceeding;
- (h) Within thirty (30) calendar days after the initial expert disclosure, the Parties may designate a maximum of two (2) rebuttal experts;
- (i) Unless the Parties agree otherwise, all direct testimony will be in form of affidavits or declarations under penalty of perjury; and
- (j) Each Party shall make available for cross examination at the arbitration hearing its witnesses whose direct testimony has been so submitted.

Subject to Article 11, the Arbitrator will have the authority to grant any form of equitable or legal relief a Party might recover in a court action. The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of the Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to specific performance and injunctive or other equitable relief as a remedy for a breach of Article 13.

Judgment on the award may be entered in any court having jurisdiction.

The Arbitrator must, in any award, allocate all of the costs of the binding arbitration (other than each Party's individual attorneys' fees and costs related to the Party's participation in the arbitration, which fees and costs will be borne by such Party), including the fees of the Arbitrator and any expert witnesses, against the Party who did not prevail.

Until such award is made, however, the Parties will share equally in paying the costs of the arbitration.

Within thirty (30) calendar days after the conclusion of the arbitration hearing, the Arbitrator shall prepare in writing and provide to each Party a decision setting forth factual findings, legal analysis, and the reasons on which the Arbitrator's decision is based. The Arbitrator shall also have the authority to resolve claims or issues in advance of the arbitration hearing that would be appropriate for a California superior court judge to resolve in advance of trial. The Arbitrator shall not have the power to commit errors of law or fact, or to commit any abuse of discretion, that would constitute reversible error had the decision been rendered by a California superior court. The Arbitrator's decision may be vacated or corrected on appeal to a California court of competent jurisdiction for such error. Unless otherwise agreed to by the Parties, all proceedings before the Arbitrator shall be reported and transcribed by a certified court reporter, with each Party bearing one-half of the court reporter's fees.

10.5. Provisional Relief

The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of this Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to seek a preliminary injunction, temporary restraining order, or other provisional relief as a remedy for a breach of Article 13 in any court of competent jurisdiction, notwithstanding the obligation to submit all other Disputes (including all claims for monetary damages under this Agreement) to arbitration pursuant to this Article 10. The Parties further acknowledge and agree that the results of the arbitration may be rendered ineffectual without the provisional relief.

Such a request for provisional relief does not waive a Party's right to seek other remedies for the breach of the provisions specified above in accordance with Article 10, notwithstanding any prohibition against claim-splitting or other similar doctrine. The other remedies that may be sought include specific performance and injunctive or other equitable relief, plus any other remedy specified in this Agreement for the breach of the provision, or if the Agreement does not specify a remedy for the breach, all other remedies available at law or equity to the Parties for the breach.

ARTICLE 11. INDEMNIFICATION

11.1. Seller's Indemnification Obligations

- (a) In addition to any other indemnification obligations Seller may have elsewhere in this Agreement, which are hereby incorporated in this Section 11.1, Seller releases, and shall indemnify, defend and hold harmless Buyer, and Buyer's directors, officers, employees, agents, assigns, and successors in interest, from and against any and all loss, liability, damage, claim, cost, charge, demand, penalty, fine or expense of any kind or nature (including any direct, damage, claim, cost, charge, demand, or expense, and attorneys' fees (including cost of in-house counsel) and other costs of litigation, arbitration or mediation, and in the case of third-party claims only, indirect or consequential loss or damage of such third-party), arising out of or in connection with:
- (i) any breach made by Seller of its representations, warranties and covenants in Article 7;
 - (ii) Seller's failure to fulfill its obligations regarding Resource Adequacy Benefits as set forth in Article 3;
 - (iii) any violation of Applicable Law or the CAISO Tariff arising out of or in connection with Seller's performance of, or failure to perform this Agreement;
 - (iv) injury or death to persons, including Buyer employees, and physical damage to property, including Buyer property, where the damage arises out of, is related to, or is in connection with, Seller's obligations or performance under this Agreement.

This indemnity applies notwithstanding Buyer's active or passive negligence; *provided*, Buyer will not be indemnified for its loss, liability, damage, claim, cost, charge, demand or expense to the extent caused by its gross negligence or willful misconduct.

11.2. Indemnification Claims

All claims for indemnification by Buyer will be asserted and resolved as follows:

If a claim or demand for which Buyer may claim indemnity is asserted against or sought to be collected from Seller by a third party, Buyer shall as promptly as practicable give Notice to Seller; *provided*, failure to provide this Notice will relieve Seller only to the extent that the failure actually prejudices Seller.

- (a) Seller will have the right to control the defense and settlement of any claims in a manner not adverse to Buyer but cannot admit any liability or enter into any settlement without Buyer's approval.

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- (b) Buyer may employ counsel at its own expense with respect to any claims or demands asserted or sought to be collected against it; *provided*, if counsel is employed due to a conflict of interest or because Seller does not assume control of the defense, Seller will bear the expense of this counsel.

ARTICLE 12. LIMITATION OF REMEDIES, LIABILITY, AND DAMAGES

EXCEPT AS SET FORTH HEREIN WITH RESPECT TO THE PRODUCT, THERE ARE NO WARRANTIES BY EITHER PARTY UNDER THIS AGREEMENT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY WILL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED, UNLESS THE PROVISION IN QUESTION PROVIDES THAT THE EXPRESS REMEDIES ARE IN ADDITION TO OTHER REMEDIES THAT MAY BE AVAILABLE.

SUBJECT TO SECTION 9.3, IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY WILL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE PROVISIONS OF ARTICLE 11 (INDEMNIFICATION), NEITHER PARTY WILL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

NOTHING IN THIS ARTICLE PREVENTS, OR IS INTENDED TO PREVENT, BUYER FROM PROCEEDING AGAINST OR EXERCISING ITS RIGHTS WITH RESPECT TO ANY PERFORMANCE ASSURANCE.

ARTICLE 13. CONFIDENTIALITY

13.1. Confidentiality and Privacy Obligations

- (a) Neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's or the Party's Affiliates' officers, directors, employees, lenders, counsel, accountants, advisors, or Rating Agencies, who have a need to know such information and have agreed to keep such terms confidential) except (i) in order to comply with any Applicable Law, summons, subpoena, exchange rule, or accounting disclosure rule or standard, or to make any showing required by any applicable Governmental Body other than as set forth in Sections 13.1(a)(v) and (vi); (ii) to the extent necessary for the enforcement of this Agreement; (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the non-disclosing Party in making such disclosure; (iv) to the extent such information is or becomes generally available to the public prior to such disclosure by a Party; (v) when required to be released in connection with any regulatory proceeding (provided that the releasing Party makes reasonable efforts to obtain confidential treatment of the information being released); (vi) with respect to Buyer, as may be furnished to its duly authorized Governmental Bodies, including without limitation the Commission and all divisions thereof, to Buyer's Procurement Review Group, a group of participants including members of the Commission and other governmental agencies and consumer groups established by the Commission in Commission decisions 02-08-071 and 03-06-071, and to Buyer's Cost Allocation Mechanism Group established by the CPUC in D.07-12-052, or (vii) Seller may disclose the transfer of the Monthly Quantity under this Agreement to its SC in order for such SC to timely submit accurate Supply Plans. The existence of this Agreement is not subject to this confidentiality obligation; *provided*, neither Party shall make any public announcement relating to this Agreement unless required pursuant to subsection (i) or (v) of the foregoing sentence of this Section 13(a).
- (b) During the Term of this Agreement, both Parties shall comply with all applicable federal, state and local laws protecting the confidentiality and privacy of the Customer and Personal Confidential Information, including without limitation, the California Consumer Privacy Act of 2018, California Civil Code 1798.100 et seq. In addition, Seller shall cause each of the PDRs in the DRAM Resource and corresponding DRPs and SCs to comply with all applicable federal, state, and local laws set forth in the prior sentence.

13.2. Obligation to Notify

In connection with discovery requests or orders pertaining to confidential information in connection with this Agreement as referenced in Section 13.1(a)(i) (“Disclosure Order”) each Party shall, to the extent practicable, use reasonable efforts to:

- (a) Notify the other Party before disclosing the Confidential Information; and
- (b) Prevent or limit such disclosure.

After using such reasonable efforts, the Disclosing Party will not be:

- (c) Prohibited from complying with a Disclosure Order; or
- (d) Liable to the other Party for monetary or other damages incurred in connection with the disclosure of the Confidential Information.

13.3. Remedies; Survival

The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, these confidentiality and privacy obligations. With respect to information provided in connection with this Agreement, these obligations shall survive for a period of three (3) years following the expiration or termination of this Agreement.

ARTICLE 14. FORCE MAJEURE

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the “Claiming Party”) gives notice and details of the Force Majeure to the other Party as soon as practicable, then, unless the terms of the Product specify otherwise, the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

ARTICLE 15. MISCELLANEOUS

15.1. General

- (a) This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.
- (b) The term “including,” when used in this Agreement, shall be by way of example only and shall not be considered in any way to be in limitation.

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- (c) The headings used herein are for convenience and reference purposes only.
- (d) Each Party agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement.
- (e) Words having well-known technical or industry meanings have these meanings unless otherwise specifically defined in this Agreement.
- (f) Whenever this Agreement specifically refers to any Applicable Law, tariff, government department or agency, or Rating Agency, the Parties hereby agree that the reference also refers to any successor to such law, tariff or organization.
- (g) Nothing in this Agreement relieves either Party from, or modifies, any obligation or requirement that exists in any Applicable Law, tariff, rule, or regulation.
- (h) The Parties acknowledge and agree that this Agreement and the transactions contemplated by this Agreement constitute a “forward contract” within the meaning of the Bankruptcy Code and that Buyer and Seller are each “forward contract merchants” within the meaning of the Bankruptcy Code.

15.2. Governing Law and Venue

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

15.3. Amendment

This Agreement can only be amended by a writing signed by both Parties.

15.4. Assignment

- (a) Neither Party shall assign this Agreement or its rights hereunder, as the case may be, without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof or thereof, as the case may be, in connection with any financing or other financial arrangements to any person or entity whose creditworthiness is equal to or higher than that of such Party, (b) transfer or assign this Agreement to an Affiliate of such Party which Affiliate’s creditworthiness is equal to or higher than that of such Party, or (c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party and whose creditworthiness is equal to or higher than that of such Party; provided, in each

such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

- (b) If Seller seeks to assign this Agreement or its rights hereunder and Buyer's consent is required under Section 15.4(a) or pursuant to CPUC rules on reassignment described in Decision 19-12-040 or other applicable rules or laws, then no later than thirty (30) calendar days in advance of the proposed assignment, Seller shall issue Notices to the Commission's Energy Division and to Buyer informing each of Seller's intent to assign, and shall inform prospective Demand Response Providers by emailing all regulatory affairs or contract managers for all registered Demand Response Providers. Seller shall issue a Notice to Buyer of its selected assignee and shall provide concurrently with such Notice: (i) draft modifications to this Agreement to accommodate such assignment; (ii) evidence that the proposed assignee and the DRAM Resource is in compliance with the Milestones; and (iii) the additional information required by the QC Implementation Guidelines, as to the selected assignee. Buyer shall advise Seller of its approval or disapproval of such assignment, in its reasonable discretion, within fifteen (15) Business Days after receipt of all such information. Such assignment, if approved by Buyer, shall not become effective until CPUC Approval has been obtained with respect to the revised Agreement. Buyer shall request CPUC Approval of any revised Agreement via a Tier 1 Advice Letter.

15.5. Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of, the Parties and their respective successors and assigns. This Agreement is not intended to confer any rights or remedies upon any other persons other than the Parties.

15.6. Waiver

None of the provisions of this Agreement shall be considered waived by either Party unless the Party against whom such waiver is claimed gives the waiver in writing. The failure of either Party to insist in any one instance upon strict performance of any the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishments of such rights for the future but the same shall continue and remain in full force and effect. Waiver by either Party of any default of the other Party shall not be deemed a waiver of any other default.

15.7. No Agency

Except as otherwise provided explicitly herein, in performing their respective obligations under this Agreement, neither Party is acting, or is authorized to act, as the other Party's agent.

15.8. No Third-Party Beneficiaries

This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound by this Agreement).

15.9. Entire Agreement

This Agreement, when fully executed, constitutes the entire agreement by and between the Parties as to the subject matter hereof, and supersedes all prior understandings, agreements or representations by or between the Parties, written or oral, to the extent they have related in any way to the subject matter hereof. Each Party represents that, in entering into this Agreement, it has not relied upon any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement.

15.10. Severability

If any term, section, provision or other part of this Agreement, or the application of any term, section, provision or other part of this Agreement, is held to be invalid, illegal or void by a court or regulatory agency of proper jurisdiction, all other terms, sections, provisions or other parts of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or regulatory agency holds that the provisions are not separable from all other provisions of this Agreement.

15.11. Multiple Originals

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any of the signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto by having attached to it one or more signature pages.

15.12. Mobile Sierra

Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to the FERC pursuant to the provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party, or the FERC acting *sua sponte* shall be the “public interest” standard of review set forth in *United States 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).

15.13. Performance Under this Agreement

Each Party and its representatives shall maintain records and supporting documentation relating to this Agreement, and the performance of the Parties hereunder in accordance with, and for the applicable time periods required by, all Applicable Laws.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Execution Date.

**SAN DIEGO GAS & ELECTRIC
COMPANY**, a California corporation

[SELLER]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below:

"ADR Guidelines" means the guidelines for Buyer's Automated Demand Response Program implemented pursuant to Decisions 12-04-045, 14-05-025, and 18-11-029, as modified or updated from time to time, including the updates to the guidelines that are submitted in the Tier Two advice letter process on September 1 of each year in compliance with Ordering Paragraph 8 of Decision 18-11-029.

"Affiliate" means, with respect to a Party, any entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with that Party. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Agreement" has the meaning in the Preamble.

"Applicable Laws" means all constitutions, treaties, laws, ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Body that apply to either or both of the Parties, the DRP, the PDR or the terms of this Agreement.

"Arbitrator" has the meaning set forth in Article 10.4.

"Audit Notice" has the meaning set forth in Section 1.6(k).

"Automated Demand Response" or "ADR" is Buyer's demand response program offering Customers an incentive to install automated communication equipment and associated software that enhances their ability to reduce load during Buyer's demand response program events. For purposes ADR, Seller's participation in the CAISO Markets pursuant to this Agreement is a Buyer demand response program, pursuant to the September 24, 2015 disposition letter from Commission staff. The CPUC approved the ADR programs by Decision 12-04-045 and Decision 14-05-025.

"Automated Demand Response Customer" or "ADR Customer" is a non-Residential Customer that has installed the ADR equipment under Buyer's ADR and received, at minimum, approval from Buyer that it has been approved for its first (60%) incentive payment.

"Availability Assessment Hours" or "AAH" has the meaning set forth in the CAISO Tariff.

"Average Qualifying Capacity" or "AQC" has the meaning set forth in Section 1.7 and Exhibit E.

"Award" has the meaning set forth in Section 6.6(b).

“Bankrupt” means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

“Bankruptcy Code” means the United States Bankruptcy Code (11 U.S.C. §101 *et seq.*), as amended, and any successor statute.

“Big Creek/Ventura LCA Substations” means the following substations located in the CAISO area: ACTON SC, ANAVERDE, BIG CRK1, DEL SUR, FRAZPARK, GOLETA, GORMAN, GREATLKS, HELIJET, LANCSTR, LANPRI, LITTLERK, MOORPARK, NEENACH, OASIS SC, OSO, PALMDALE, PIUTE, PSTRIA, PURIFY, QUARTZHL, RECTOR, REDMAN, RITE AID, RITTER, ROCKAIR, ROSAMOND, S.CLARA, SAUGUS, SHUTTLE, SPRINGVL, TORTOISE, VESTAL, WESTPAC, and WILSONA.

“Bid” shall have the meaning in the CAISO Tariff.

“Bundled Service Customer” means a customer of Buyer as a utility distribution company who takes bundled services from Buyer as a utility distribution company including having all its power requirements purchased by Buyer.

“Business Day” means a day that is not a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday immediately following the U.S. Thanksgiving holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

“Buyer” has the meaning set forth in the preamble.

“CAISO” means the California Independent System Operator Corporation or any successor entity performing the same functions.

“CAISO Markets” has the meaning set forth in the CAISO Tariff.

“CAISO Tariff” means the most current tariff and protocol provisions, including any current CAISO-published “Operating Procedures” and “Business Practice Manuals,” as amended or supplemented from time to time, of the CAISO.

“Capacity Baseline” means a CAISO baseline as applicable to the PDR(s) in the DRAM Resource, as specified in the CAISO Tariff and approved by the CPUC for retail settlement purposes in the DRAM, and as limited by the following: (i) a day matching customer load ten-in-ten baseline with a twenty percent (20%) cap; (ii) a weather matching baseline with a forty percent (40%) cap; (iii) the use of control groups; and (iv) a five-in-ten baseline for residential

customers, with a forty percent (40%) cap, as utilized for the calculation of Qualifying Capacity and Demonstrated Capacity, and for CAISO settlements, in accordance with Section 1.6 of this Agreement.

“Capacity Procurement Mechanism” has the meaning set forth in the CAISO Tariff.

“Cash” means U.S. Dollars held by or on behalf of Buyer as Performance Assurance hereunder.

“Cash Interest Rate” means the Federal Funds Effective Rate - 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.

“Claiming Party” has the meaning set forth in Article 14.

“Clock Hour” means a sixty (60) minute interval that starts at 00:00 and ends at 00:59 (e.g., starting at 16:00 and ending at 16:59).

“Commission” or “CPUC” means the California Public Utilities Commission, and all divisions thereof, or any successor thereto.

“Compliance Showing(s)” means the RAR compliance or advisory showings (or similar or successor showings), that an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, to the CAISO pursuant to the CAISO Tariff, or to any Governmental Body having jurisdiction.

“Contract Price” means the price for each type of Product as specified in Exhibit B for each Showing Month.

“CPM Capacity” has the meaning set forth in the CAISO Tariff.

“CPUC Approval” means a decision of the CPUC that (i) is final and no longer subject to appeal, which approves the Agreement in full and in the form presented on terms and conditions acceptable to both Parties, including without limitation terms and conditions related to cost recovery and cost allocation of amounts paid to Seller under the Agreement; (ii) does not contain conditions or modifications unacceptable to both Parties; and (iii) finds that any procurement pursuant to this Agreement satisfies the requirement to procure preferred resources under Commission Decision 13-02-015.

“CPUC Decisions” means Commission Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-031, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 09-12-053, 10-06-036, 10-12-038, 11-06-022, 11-10-003, 12-06-025, 13-02-006, 13-04-013, 13-06-024, 14-03-026, 14-06-050, 14-12-024, 15-02-007, 15-06-063, 19-07-009, 19-06-026, 19-12-040 and any other existing or subsequent decisions, resolutions, or rulings related to Resource Adequacy, including, without limitation, the CPUC RA Filing Guide, in each case as may be amended from time to time by the CPUC.

“CPUC RA Filing Guide” is the annual document issued by the Commission which sets forth the guidelines, requirements and instructions for LSE’s to demonstrate compliance with the Commission’s Resource Adequacy program.

“Credit Rating” means, with respect to any entity, the rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by the Ratings Agencies.

“Customer” means a person or entity that is either a: (i) Bundled Service Customer; (ii) community choice aggregation customer or direct access customer who would otherwise be eligible to be a Bundled Service Customer; or (iii) Unbundled Service Customer.

“Customer and Personal Confidential Information” means (i) personal information as defined in California Civil Code section 1798.140(o); (ii) Customer specific information as defined in CPUC rules and decisions which does not meet the CPUC’s aggregation standards in CPUC D.14-05-016 for non-Residential Customers of at least fifteen (15) Customers with no Customer comprising fifteen percent (15%) or more of the data and for Residential Customers of at least one hundred (100) Customers per zip code (CPUC aggregation standards), (iii) all written materials marked “Confidential”, “Proprietary” or with words of similar import provided to the receiving Party; and (iv) any calculations and the results of such calculations involving the Customer and Personal Confidential Information disclosed by the disclosing Party that does not meet the CPUC’s aggregation standards. The Customer and Personal Confidential Information includes portions of documents, records and other material forms or representations which the receiving Party may create, including but not limited to handwritten notes or summaries, that contain or are derived from such Customer and Personal Confidential Information.

“Customer Data Access Systems” has the meaning described in CPUC Decision 13-09-025.

“Day-Ahead Market” has the meaning set forth in the CAISO Tariff.

“Day-Ahead Schedule” has the meaning set forth in the CAISO Tariff.

“DC Dispatch” means the Dispatch(es) of a PDR in the DRAM Resource in the CAISO Markets, in accordance with the CAISO Tariff, for a duration of at least either: (i) for a Day-Ahead Market award or a Real-Time Market Award for which the CAISO dispatch instructions are based on Clock Hours, or one (1) Clock Hour for all other Showing Months except the Showing Month of August, or two (2) consecutive Clock Hours for the Showing Month of August (for the Showing Month of August, the requirement of two (2) consecutive Clock Hours may be satisfied by a combination of a DC Dispatch and a DC Test); or (ii) for a Real-Time Market Award for which the CAISO dispatch instructions do not start or end on a Clock Hour, one (1) contiguous sixty (60) minute interval for a Real-Time Market award within the Availability Assessment Hours for all Showing Months except the Showing Month of August, or one (1) contiguous one hundred twenty (120) minute interval within the Availability Assessment Hours for the Showing Month of August.

“DC-QC Ratio” has the meaning set forth in Section 4.1.

“DC Test” means the capacity test(s) of a PDR in the DRAM Resource for one hundred percent (100%) of such PDR’s Qualifying Capacity for the applicable Showing Month (where such Qualifying Capacity has been submitted in Seller’s Supply Plan for that Showing Month) for a duration of at least (i) one (1) Clock Hour within the Availability Assessment Hours for all Showing Months except the Showing Month of August or (ii) for a duration of at least two (2) consecutive Clock Hours within the Availability Assessment Hours for the Showing Month of August, conducted by the Seller’s SC during the applicable Showing Month, in accordance with the CAISO Tariff and D.14-06-050, Appendix B, that is used to demonstrate capacity.

“Default Adjustment Value” has the meaning set forth in Section 7.2(b)(v)(B), CPUC Resolution E-4838, and CPUC Resolution E-4906.

“Defaulting Party” has the meaning set forth in Section 9.1.

“Delivered Capacity Payment” has the meaning described in and is calculated pursuant to Section 4.1.

“Delivered Energy Quantity” or “DEQ” has the meaning set forth in Section 1.7 and Exhibit E.

“Delivery Period” has the meaning set forth in Section 1.3.

“Demand Response Provider” or “DRP” has the meaning in the CAISO Tariff.

“Demonstrated Capacity” has the meaning set forth in Section 1.6(a).

“Dispatch” means the act of reducing all or a portion of the electrical consumption of the PDR pursuant to a Dispatch Instruction.

“Dispatch Instruction” has the meaning in the CAISO Tariff.

“Dispute” means any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to the terms of this Agreement, or to either Party’s performance or failure of performance under this Agreement.

“Distributed Energy Resource Aggregation” has the meaning in the CAISO Tariff.

“Diverse Business Enterprises” or “DBE” means Women, Minority, Disabled Veteran (WMDV) and Lesbian, Gay, Bisexual and Transgender (LGBT) Business Enterprises as defined in CPUC General Order 156.

“DRAM” means the Demand Response Auction Mechanism, which is a procurement mechanism during 2024 for the Product as described in CPUC D.14-12-024, D.17-10-017, D.19-07-009 and D.19-12-040.

“DRAM Resource” means the sum of the PDR(s) that Seller identifies pursuant to Section 1.4 that will provide Product to Buyer.

“DRAM Resource Customer” is a Bundled Service Customer or Unbundled Service Customer account at the Service Account Identification level that is included in the DRAM Resource.

“Early Termination Date” has the meaning set forth in Section 9.2(a).

“EFC” shall mean Effective Flexible Capacity as defined in the CAISO Tariff.

“Event of Default” has the meaning set forth in Section 9.1.

“Execution Date” has the meaning set forth in the preamble.

“Executive(s)” has the meaning set forth in Section 10.2.

“FERC” means the Federal Energy Regulatory Commission, or any division thereof.

“Financial Consolidation Requirement” has the meaning set forth in Section 5.7(a).

“Flexible Capacity” means any and all flexible Resource Adequacy attributes associated with the PDR(s) designated by Seller pursuant to Section 1.4, as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward Flexible RAR, and which may be (i) exclusive of Local Capacity and (ii) be in Flexible Category 1 (base flexibility), 2 (peak flexibility) or 3 (super-peak flexibility) as described in the CAISO Tariff.

“Flexible RAR” means the flexible Resource Adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction.

“Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (i) the loss of Buyer’s markets; (ii) Buyer’s inability economically to use or resell the Product purchased hereunder; (iii) the loss or failure of Seller’s supply; (iv) Seller’s ability to sell the Product at a greater price; (v) a failure of performance of any other entity that is not a Party, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; or (vi) breakage or malfunction of equipment, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event.

“GAAP” means United States generally accepted accounting principles as in effect from time to time, consistently applied.

“Governmental Body” means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

“IFRS” means the International Financial Reporting Standards.

“Initial Negotiation End Date” has the meaning set forth in Section 10.2.

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

“Interest Period” means the period from (and including) the last 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 Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

“JAMS” has the meaning set forth in Article 10.3.

“LA Basin LCA Substations” means the following substations located in the CAISO area: ALMITOSW, AMERON, BANNING, BARRE, BOTTLE, CABAZON, CARODEAN, CENTER, CHEVMAIN, CHINO, CONCHO, DELAMO, DEVERS, EAGLOCK, EISENHOW, EL CASCO, EL NIDO, ELLIS, ETIWANDA, FARREL, GARNET, GOODRICH, GOULD, HI DESER, HINSON, IEEC-G1, IEEC-G2, INDIAN W, JOHANNA, LA FRESA, LAGUBELL, LCIENEGA, LITEHIPE, LTHRNECK, LWIS ANM, MARASCHI, MESA CAL, MIRALOMA, OLINDA, PADUA, RIOHONDO, SANBRDNO, SANTA RO, SANTIAGO, SONG2XR1, SONG2XR2, SONG2XU1, SONG2XU2, SONG3XR1, SONG3XR2, SONG3XU1, SONG3XU2, TAMARISK, THORNHIL, VALLEY-S, VALLEYSC, VIEJO66, VILLA PK, VSTA, WALNUT, WINTEC8, WINTECX1, WINTECX2, YUCCA, and ZANJA.

“LCA Customers” means a Customer that either (i) directly takes or receives electricity services from Buyer’s LCA or (ii) directly takes or receives electricity services from a lower voltage substation that electrically connects to Buyer’s LCA.

“Letter of Credit” means an irrevocable, nontransferable standby letter of credit, substantially in the form of Exhibit I and acceptable to Buyer, provided by Seller from an issuer acceptable to Buyer that is either a U.S. financial institution or a U.S. commercial bank or a U.S. branch of a foreign bank with such financial institution or the bank (i) having (a) a Credit Rating of at least "A-, with a stable designation" from S&P and "A3, with a stable designation" by Moody's, if such entity is rated by both S&P and Moody's; or (b) "A-, with a stable designation" by S&P or "A3, with a stable designation" by Moody's, if such entity is rated by only one Ratings Agency; and (ii) having shareholder equity (determined in accordance with generally accepted accounting principles) of at least \$1,000,000,000.00 (ONE BILLION AND 00/100 DOLLARS). Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

“Letter of Credit Default” means with respect to a Letter of Credit, the occurrence of any of the following events: (a) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least "A-", with a stable outlook designation from S&P, and "A3", with a stable outlook designation from Moody's, if such issuer is rated by both S&P and Moody's, “A-“ by S&P with a stable outlook designation, if such issuer is rated only by S&P, or “A3” by Moody's with a

stable outlook designation, if such issuer is rated only by Moody's; (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit; (c) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (d) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the Term of the Agreement, in any such case without replacement; or (e) the issuer of such Letter of Credit shall become Bankrupt; *provided*, no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement.

“Local Capacity” means any and all Resource Adequacy attributes or other locational attributes associated with the PDR(s) designated by Seller and comprised of LCA Customers pursuant to Section 1.4, from a Local Capacity Resource (as defined in CAISO Tariff) in Buyer's Local Capacity Area, as applicable and as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward Local RAR, which may be exclusive of any Flexible Capacity, as applicable to the Product.

“Local Capacity Area” or “LCA” means the areas where LCA Customers are electrically interconnected to any of the LA Basin LCA Substations and/or the Big Creek/Ventura LCA Substations.

“Local RAR” means the local Resource Adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction. Local RAR may also be known as local area reliability, local Resource Adequacy, local Resource Adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

“LSE” means load-serving entity.

“Manager” has the meaning set forth in Section 10.2.

“Mediator” has the meaning set forth in Section 10.3.

“Merger Event” means, with respect to a Party, that such Party consolidates or amalgamates with, merges into or with, or transfers substantially all its assets to another entity and (i) the resulting entity fails to assume all the obligations of such Party hereunder, or (ii) the resulting entity's creditworthiness is materially weaker than that of such Party immediately prior to such action. The creditworthiness of the resulting entity shall not be deemed to be ‘materially weaker’ so long as the resulting entity maintains a Credit Rating of at least that of the applicable Party, as the case may be, immediately prior to the consolidation, merger or transfer.

“Milestone” has the meaning set forth Section 3.3(b).

“Monthly Contracted Quantity” means the respective amount of each type of Product set forth in Exhibit B that Seller has agreed to provide to Buyer from the DRAM Resource for each day of the respective Showing Months.

“Monthly Quantity” means the aggregate amount of all Monthly Contracted Quantities set forth in Exhibit B that Seller has agreed to provide to Buyer from the DRAM Resource for each day of the respective Showing Months for the respective types of Product.

“Moody’s” means Moody’s Investors Service, Inc. or its successor.

“Must-Offer Obligation” means Seller’s obligation to Bid or cause Seller’s SC to Bid the DRAM Resource into the CAISO Markets based on the type of Product during the Availability Assessment Hours and in accordance with the CAISO Tariff.

“Net Qualifying Capacity” or “NQC” shall mean Net Qualifying Capacity as defined in the CAISO Tariff.

“Notification Time” means the 10:00 a.m. Pacific Prevailing Time on a Business Day.

“Non-Competitive Behavior” means bidding behavior providing clear evidence of market manipulation or collusion.

“Non-Defaulting Party” has the meaning set forth in Section 9.2.

“Notice” means notices, requests, statements or payments provided in accordance with Article 8.

“Partial DC Dispatch” has the meaning set forth in Section 1.6(a)(i).

“Performance Assurance” has the meaning set forth in Section 5.1(a). Performance Assurance must be in the form of Cash or Letter of Credit. Any Cash received and held by Buyer after drawing on any Letter of Credit will constitute Performance Assurance in the form of Cash.

“Potential Event of Default” means an event which, with Notice or passage of time or both, would constitute an Event of Default.

“Procurement Review Group” has the meaning set forth in Section 13.1.

“Product” means either System Capacity, Local Capacity and/or Flexible Capacity. The particular type of Product sold by Seller to Buyer under this Agreement is specified in Table 1.1(b). Buyer and Seller will have separate agreements for separate products and will combine multiple awards of the same product into one agreement at a weighted average price.

“Progress Report” has the meaning set forth in Section 3.3(b).

“Prohibited Resource” means a distributed generation technology using diesel, natural gas, gasoline, propane, or liquefied petroleum gas, in topping cycle Combined Heat and Power (CHP) or non-CHP configuration. The following resources are exempt: pressure reduction turbines and waste-heat-to-power bottoming cycle CHP, resources using renewable fuels (i.e. renewable gas, renewable diesel, and biodiesel) that have received certification from the California Air Resources Board, as well as energy storage resources not coupled with fossil fueled resources.

“Proxy Demand Resource” or “PDR” has the meaning in the CAISO Tariff.

“QC De-Rate Notice” shall have the meaning set forth in Section 3.1(b).

“QC Implementation Guidelines” has the meaning set forth in Section 3.1(a)(ii).

“Qualifying Capacity” means the load reduction for each PDR in the DRAM Resource, calculated utilizing the Capacity Baseline, consistent with the QC Implementation Guidelines, the CPUC Decisions and the CAISO Tariff.

“RAR” means the Resource Adequacy requirements established for LSEs by the Commission pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Body having jurisdiction, or successor program requirements.

“Ratings Agency” means any of S&P or Moody’s (collectively the ‘Ratings Agencies’).

“Real-Time Market” has the meaning set forth in the CAISO Tariff.

“Referral Date” has the meaning set forth in Section 10.2.

“Required Energy Quantity” or “REQ” has the meaning set forth in Section 1.7 and Exhibit E.

“Residential Customer” means a DRAM Resource Customer which is a Single Family or Multi-Family Dwelling customer on a Domestic rate, including RV Parks, Residential Hotels, and Mobile Home Parks and includes electric vehicle charging for customers on Domestic Rate if separately metered, as such capitalized terms are defined in Rule 1.

“Residential Customer Product” means Product that is comprised solely of Residential Customers and Small Commercial Customers; *provided* that the percentage of Residential Customers in the PDR(s) constituting the DRAM Resource is equal to or greater than ninety percent (90%). Where multiple PDRs, or portions thereof, are used to meet Seller’s Demonstrated Capacity obligations, the percentage requirements apply in the aggregate, based on the total number of PDR Customer service accounts in the DRAM Resource used to show Demonstrated Capacity.

“Resource ID” has the meaning set forth in the CAISO Tariff.

“Resource Adequacy” and “Resource Adequacy Benefits” have the meanings set forth in the CPUC Decisions.

“Revenue Quality Meter Data” means interval meter data that has been validated, edited, and estimated in accordance with the Direct Access Standards for Metering and Meter Data as described in Rule 22.

“Rule 32” means Direct Participation Demand Response:
http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-RULES_ERULE32.pdf

“S&P” means Standard & Poor’s Financial Services LLC, or its successor.

“SAID” or “Service Account Identification” means a Buyer specific identifier or number for tracking energy service deliveries for a specific load through one or more meters at a customer premises or location as described in Rule 1.

“Scheduling Coordinator” or “SC” has the meaning set forth in the CAISO Tariff.

“Seller” has the meaning set forth in the preamble.

“Settlement Amount” means the sum of the estimated Delivered Capacity Payments for all of the remaining Showing Months of the original Delivery Period as in effect prior to such early termination, including the current Showing Month if not invoiced pursuant to Section 4.2, as of the Early Termination Date, with such estimated Delivered Capacity Payments being based on the sum of the applicable Monthly Contracted Quantity times the applicable Contract Price for each type of Product.

“Shortfall Capacity” means the amount of capacity with respect to the Monthly Contracted Quantity for a type of Product for any portion of a Showing Month which was shown by Buyer in its Compliance Showing that CAISO determines requires outage replacement in accordance with Section 40.7 of the CAISO Tariff.

“Showing Month” shall be each day of each calendar month of the Delivery Period that is the subject of the Compliance Showing, as set forth in the CPUC Decisions and outlined in the CAISO Tariff. For illustrative purposes only, pursuant to the CAISO Tariff and CPUC Decisions in effect as of the Execution Date, the monthly Compliance Showing made in June is for the Showing Month of August.

“Small Commercial Customer” means a DRAM Resource Customer which is a non-Residential Customer with monthly maximum demand of 20 kW or less, including agricultural/pumping customers (PA-1, PA-2, TOU-PA-2 rates) and TOU-EV3, service to electric charging facilities with monthly maximum demand of 20 kW or less. Excludes customers on rate schedules for fixed usage and unmetered service (Schedules LS-1, LS-2, OL-1, TC-1, Wi-Fi-1, and WTR).

“SubLAP” means the geographic location corresponding to each customer service account within the distribution network located in Buyer’s service territory.

“Successor” means any successor accounting practices to GAAP or IFRS.

“Supply Plan” has the meaning set forth in the CAISO Tariff.

“System Capacity” means system Resource Adequacy Benefits associated with the PDR(s) designated by Seller pursuant to Section 1.4, as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward RAR, which may be exclusive of any Local Capacity and Flexible Capacity as indicated on Table 1.1(b).

“Term” has the meaning set forth in Section 1.2.

“Termination Payment” means the sum of all amounts owed by the Defaulting Party to the Non-Defaulting Party under this Agreement, which shall include the Settlement Amount, less any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date. If Buyer is the Non-Defaulting Party and reasonably expects to incur penalties, fines or costs from the CPUC, the CAISO, or any other Governmental Body, then Buyer may estimate the penalties or fines and include them in the Termination Payment amount.

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

“Unbundled Service Customer” means a retail customer of the Buyer acting as a utility distribution company, who takes and receives its electrical power requirements from a different Load Serving Entity that is not the Buyer, pursuant to CPUC Rule 22 Direct Access or Rule 23 Community Choice Service.

“Undelivered Energy Penalty” has the meaning set forth in Section 1.7.

“Verification Administrator” has the meaning set forth in CPUC Resolution E-4838 and CPUC Resolution E-4906.

**EXHIBIT B
MONTHLY CONTRACTED QUANTITY
AND
CORRESPONDING CONTRACT PRICE**

Showing Month	Product [Insert]	
	[Year]	
	Monthly Contracted Quantity (kW for each day of Showing Month)	Contract Price (\$/kW-month)
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

[Parties to complete one table for each type of Product indicated in Table 1.1(b) and accepted bid information.]

EXHIBIT C-1

Form of Notice of Demonstrated Capacity

EXHIBIT C1 - Notice of Demonstrated Capacity (QC)

For use with System and Local Capacity Product

Showing Month: _____
 Seller: _____
 Seller Contact Name: _____
 Seller Contact Phone: _____
 SCD: _____
 Local Capacity Area (LCA): _____ (mark "n/a" if not a Local Capacity Product)

Total "Qualifying Capacity"^{**} (MW): _____
 Total "Demonstrated Capacity" (MW): _____
 Residential Product (Yes/No): _____
 In Delivered Capacity Payment formula, "A" = _____

PDRs in the DRAM Resource				--- "Demonstrated Capacity" (MW) ---						Prohibited Resources Adjustment		Demonstrated Capacity Payment formula				Residential Product Delivery			Local Capacity Product Delivery	
PDR Resource Name	CAISO Resource ID	Assigned QC (MW)	Assigned NOC (MW)	For each PDR Resource (row), choose one demonstration method (column) to establish monthly Demonstrated Capacity						Complete for all resources		Complete for all resources				Residential Product			Local Capacity Product	
				DC Test Maximum hourly load reduction during DC Test(s) conducted by Seller's SC during Showing Month		Must Offer Obligation (MOO) Average amount of capacity Seller bid into CAISO Markets during Showing Month		DC Dispatch Maximum hourly load reduction from DC Dispatch(es) during Showing Month		Adjusted MW Claimed Specify the MW portion used to meet the contract obligation		DC-QC Ratio	B Value	C Value	Delivered Capacity Payment	This section is only required if delivering Residential Customer Product			This section is only required if delivering Local Capacity Product	
				Raw Demonstrated Capacity	Lesser of Assigned NOC or Raw Demonstrated Capacity	Raw Demonstrated Capacity	Lesser of Assigned NOC or Raw Demonstrated Capacity	Raw Demonstrated Capacity	Lesser of Assigned NOC or Raw Demonstrated Capacity	Default Adjustment Value (DAV) (MW)	Net MW Claimed					Ratio	Adjusted DC	Residential Customer Product Threshold, if applicable	A*B*C	Total Service Accounts ^{**}
		0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW				\$0.00					
				0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW				\$0.00					
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				0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW				\$0.00					
				0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW				\$0.00					
				0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW				\$0.00					
				0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW				\$0.00					
				0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00 MW	0.00										

EXHIBIT D
COMMUNICATION PROTOCOLS FOR DATA ISSUES
(D.19-12-040, OP 26)

Below are the approved Protocols for Data Issues Communication - DRAM Sellers must use the most current version of the Final DRAM Template, “Data Issue Reporting” (originally published March 13, 2020, and subsequently updated on July 21, 2020).

- Buyer and Seller shall each designate a point of contact for all data delivery inquiries and notify the Commission’s Energy Division, the Buyer, and the Seller of any changes to this point of contact.
- Buyer shall facilitate a monthly call for Seller to report data issues.
- Seller shall perform troubleshooting prior to notifying Buyer of any data issues including:
a) verifying the Application Programming Interface data request was correctly formatted;
b) verifying Seller’s customer lists are updated, including removing customers whose service accounts have been closed; and c) verifying that missing data is not a result of a planned or unplanned outage where Buyer has notified Seller.
- Seller shall notify Buyer of data errors using the standardized data template finalized by the Commission’s Energy Division pursuant to OP 27 of D.19-12-040, as the same may be modified from time to time.
- Buyer shall confirm receipt of Seller’s inquiry and provide an estimated time of resolution of the inquiry within two (2) Business Days after receipt thereof.
- Buyer shall update Seller on a regular basis and when the estimated time of resolution could change.
- Buyer shall confirm resolution of the inquiry and data delivery.



STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION

DATA ISSUE REPORTING TEMPLATE

DRP/Seller Contact Info	Name of DRP	
	Rule 24/32 DRP ID	
	Submission Date	
	DRP Contact Name	
	DRP Email addresses	
Issue Info	Authorization Mode	
	Type of data issue	
	Describe the data issue	
	Account Number	
	Subscription ID	
	UUID(s)	
	Date range for requested data	
	API call used and error message(s) received	
Date and time of API call error		

Instructions:

	Item	Field	Description
DRP Contact Info	1	Name of DRP	Enter name of vendor registered with IOU as a Demand Response Provider (DRP)
	2	Rule 24/32 DRP ID	PG&E only. Enter the PG&E assigned 10 digit identifier
	3	Date Submitted to IOU	Enter date in MM/DD/YYYY format
	4	Name of person submitting form	Provide first and last name
	5	DRP Email addresses for IOU responses	Enter DRP email addresses for IOU responses on this issue

Issue Info	6	Authorization Mode (CISR-DRP Form vs Online)	Identify the mode used by the customer to create the data sharing authorization
	7	Type of data issue	Identify the type of data issue by making a selection in the drop down: Revenue Quality Meter Data (RQMD) interval; Raw/Non-RQMD interval; Billing; Customer; DR Program Info; API Call Failure; File Retrieval Issue. <i>Note: DRPs are to submit one intake form per data issue.</i>
	8	Describe the data issue	Describe the issue you are encountering for the type of data issue identified in Item 7 above.
	9	Account Number	SCE & SDG&E only. Enter the Account Number for the customer impacted by the data issue. If the data issue impacts multiple Accounts, please add the Account Number information in the tab titled Multiple UUIDs.
	10	Subscription ID	PG&E & SCE only. Provide the subscription ID associated with each UUID impacted by the data issue. If the data issue impacts multiple Subscription IDs, please add the Subscription ID information in the tab titled Multiple UUIDs.
	11	UUID(s)	PG&E & SDG&E only. Enter the UUID for the customer impacted by the data issue. If the data issue impacts multiple UUIDs, please add the UUID information in the tab titled Multiple UUIDs.

12	Date range for requested data	Specify the start and end dates of requested data on a per customer basis. If there are multiple UUIDs, please add the date information in the tab titled Multiple UUIDs per customer. <i>Note: This item only pertains to issues related to Billing or Interval data.</i>
13	API call used and error message(s) received	Paste the actual API call used into this field and indicate the response error code and response error message you received
14	Date and time of API call error	Enter the dates and times of failed API calls

By submitting this form, the DRP attests that it has performed basic troubleshooting steps before notifying the IOU of the issue. Basic troubleshooting steps, include: (1) verifying that the applicable API calls were correctly formatted; (2) verifying that the DRP's customer list has been updated to remove service accounts that are closed; (3) verifying that missing data is not a result of a planned or unplanned outage where the IOU has notified the DRP; and (4) verifying that the customer's data sharing authorization is in the active status (i.e., it has not expired or been revoked).

EXHIBIT E
MINIMUM ENERGY DISPATCH REQUIREMENTS
(D.19-12-040 Attachment 1, Appendix C)

Below are the approved Requirements for Minimum Energy Dispatch Requirements – DRAM Sellers must use the most current version of the Final DRAM Templates, “Required Energy Quantity – A/B” (originally published March 13, 2020, and subsequently updated on July 21, 2020), as represented by the template diagram at the end of this Exhibit E for Seller’s submission pursuant to Section 1.7(b).

1. DRAM Resources must deliver a “Required Energy Quantity” (“REQ”) equal to 30 megawatt hours (MWh) per megawatt (MW) of Average Qualifying Capacity (“AQC”). The AQC shall be assessed as a total sum of the individual PDRs in the DRAM Resource.
2. The REQ shall be delivered during the Term and during the Availability Assessment Hours.
3. Seller shall submit documentation to the Buyer showing CAISO settlements for the Delivered Energy Quantity (“DEQ”), along with the calculation of AQC, at the time of the Seller’s last Demonstrated Capacity invoice submission or when Seller has received sufficient Revenue Quality Meter Data, whichever is earlier. The DEQ shall be assessed as a total sum of the individual PDRs in the DRAM Resource, and shall not exceed the REQ. To protect the confidentiality of market related data, Sellers may omit price and revenue data.
4. If the REQ is not delivered by the end of the Term, Seller will be assessed an Undelivered Energy Penalty based on the calculation set forth in Section 1.7(c) of the Agreement:



STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION

REQUIRED ENERGY QUANTITY
TEMPLATE - A
 Last Update: 3/13/2020

Demand Response Provider (DRP) Name	Investor Owned Utility (IOU)	Contract ID	Required Energy Quantity (MWh)	Delivered Energy (MWh)	Undelivered Energy (MWh)	Undelivered Energy Penalty (\$)	Monthly Quantity (MW)												Average of 3 Highest Monthly QC (MW)					
							J	F	M	A	M	J	J	A	S	O	N	D						
							a	e	a	r	a	r	y	u	u	u	e	c	t	o	v	e	c	

EXHIBIT G
IMPLEMENTATION GUIDELINES FOR QUALIFYING CAPACITY
(D.19-07-009 Appendix A)

Below are the approved Guidelines for Qualifying Capacity – DRAM Sellers must use the most current versions of the Final DRAM Templates, “QC Supporting Data-Monthly” and “QC Monthly-Historical Data” (originally published March 13, 2020, and subsequently updated on July 21, 2020, and November 20, 2020), as represented by the template diagram at the end of this Exhibit G, for Seller’s submission pursuant to Section 3.1(a)(ii).

- A. Seller shall provide the following details to the Buyer for each PDR in the DRAM Resource by the deadline specified in Section 3.1(a)(ii):
1. Customer class (or percent of mix): Residential Customer , non-Residential Customer
 2. Nature of load being aggregated: such as, whole house, air conditioning load, storage, building load, pumps, electric vehicles, or other (Seller shall provide a description)
 3. Dispatch method: automated via cloud control, or other (Seller shall provide a description)
 4. Projected number of SAIDs, including a breakdown of the active and registered number of SAIDs within the total projected service account numbers. Active and Registered SAIDs shall be defined as SAIDs that have been registered in the CAISO Demand Response Registration System (DRRS) as of the date of this submission with an active status.
 5. Projected aggregated load (if storage based, projected aggregated capacity)
 6. For Residential Customers, projected percentage of load impact or reduction (if storage based, projected percentage of capacity delivered). For non-Residential Customers, total load impact.
 7. Supporting historical performance data for A.6 (from a prior test or market dispatch for a demand response resource with similar characteristics as A.1, A.2, and A.3). Where historical data is not available, the Seller shall reference suitable publicly available performance data that best represents the anticipated performance of the DRAM Resource. Along with the supporting performance data, the following details for the DRAM Resource associated with the supporting performance data should be provided to establish similar characteristics:
 - a. Customer class (or percentage mix): Residential Customer, non-Residential Customer

- b. Nature of load being aggregated: such as, whole house, air conditioning load, storage, building load, pumps, electric vehicles, or other (Seller shall provide a description)
 - c. Dispatch method: automated via cloud control, or other (Seller shall provide a description)
 - d. Number of SAIDs
 - e. Aggregated load (if storage based, aggregated capacity)
 - f. Percentage of load impact or reduction delivered (if storage based, percentage of capacity delivered.)
8. Estimated Qualifying Capacity = A.5 x A.6 for Residential Customers. A.6 for non-Residential Customers.
- B. Qualifying Capacity estimates should be provided for the Resource Adequacy measurement hours and the CAISO Availability Assessment Hours.
- C. The same baseline must be used for estimation of Qualifying Capacity at different stages of the Agreement.
- D. To the extent the projected percentage load impact for capacity delivered in A.6 deviates from the supporting data in A.7, Seller shall provide supplemental information to explain the reasonableness of the resulting “Estimated Qualifying Capacity” provided in A.8.
- E. To the extent the DRAM Resource consists of heterogenous combination of load types (in terms of A.1 through A.3 characteristics), Seller shall subdivide the contract/resource and provide the above information for each component and apply a weighted average to estimate Qualifying Capacity in A.8.
- F. For Seller’s submission prior to Buyer’s Compliance Showing deadline for each year, it is sufficient to provide the information required by this Exhibit for the Showing Month with the highest megawatts. For Seller’s submission prior to Buyer’s Compliance Showing deadline for each Showing Month, the information required by this Exhibit shall correspond to the applicable Showing Month.
- G. At the time of Seller’s submission prior to the Buyer’s Compliance Showing deadline each year, it is sufficient to provide the information required by this Exhibit at the aggregate DRAM Resource level. For Seller’s submission prior to Buyer’s Compliance Showing deadline for each Showing Month, the information required by this Exhibit must be provided at the PDR level.

Demand Response Provider Name		Contract ID	CAISO Resource ID	Dispatch Method	Dispatch Date	Dispatch Time	# Registered Residential Service Accounts	# Registered Non-Res. Service Accounts	Total Residential Load (kW)	Total Non-Res. Load (kW)	Total Residential Load Impact (kW)	Total Non-Res Load Impact (kW)	% Load Impact (Total Impact/Total Load)	Residential Baseline Methodology	Non-Residential Baseline Methodology	Optional Notes
TOTAL:																

Demand Response Provider Name		Contract ID	CAISO Resource ID	Dispatch Method	Dispatch Date	Dispatch Time	# Registered Residential Service Accounts	# Registered Non-Res. Service Accounts	Total Residential Load (kW)	Total Non-Res. Load (kW)	Total Residential Load Impact (kW)	Total Non-Res Load Impact (kW)	% Load Impact (Total Impact/Total Load)	Residential Baseline Methodology	Non-Residential Baseline Methodology	Optional Notes
TOTAL:																

STATE OF CALIFORNIA PUBLIC UTILITIES COMMISSION

QC SUPPORTING DATA TEMPLATE - HISTORICAL PERFORMANCE DATA
Last Update: 7/21/2020

Instructions:
Provide the supporting historical data for each CAISO Resource ID's projected load impact from the "QC Supporting Data-Monthly" tab. Supporting historical performance data must be from a prior test or market dispatch for a DR resource with similar characteristics as the customer class, nature of load being aggregated, and dispatch method. Where historical data is not available, Seller should reference suite

Demand Response Provider (DRP) Name	Investor Owned Utility (IOU)	Contract ID	CAISO Resource ID	Historical Performance Data													Optional Notes
				Load Type(s) (Air Conditioning, Energy Storage, Building Load, Pumps, Electr. Veh. Chg., Other - describe)	Dispatch Method (DRP Control, Demand, Customer Automated, Manual or Other - describe)	Dispatch Date	Dispatch Time	# Registered Residential Service Accounts	# Registered Non-Res. Service Accounts	Total Residential Load (kW)	Total Non-Res. Load (kW)	Total Residential Load Impact (kW)	Total Non-Res Load Impact (kW)	% Load Impact (Total Impact/Total Load)	Residential Baseline Methodology	Non-Residential Baseline Methodology	
TOTAL:																	

EXHIBIT H

MILESTONE SCHEDULE AND FORM OF PROGRESS REPORT

From the Effective Date of this Agreement and continuing until the commencement of the Delivery Period, Seller shall provide a monthly Progress Report containing, at a minimum, the information listed below, as applicable. In accordance with Section 3.3(b), the report must be sent via e-mail in the form of a single Adobe Acrobat file or facsimile to Buyer, on the tenth (10th) calendar day of each month, or within five (5) calendar days after Buyer’s request.

1. An executive summary;
2. An updated Milestone Schedule
3. Chart showing schedule, percent completion, and percent change from previous report of major items and activities;
4. Forecast activities for next month; and
5. Potential issues affecting the DRAM Resource.

A list of milestones and completion dates for the DRAM Resource (“Milestone Schedule”) is as follows. DRAM Sellers must use the most current version of the Final DRAM Template, “Milestone Progress” originally published March 13, 2020, and subsequently updated on July 21, 2020), as represented by the template diagram below.



**STATE OF CALIFORNIA
PUBLIC UTILITIES COMMISSION**

**DRAM SELLER/DRP MILESTONE
PROGRESS TEMPLATE**
Last Update: 11/20/2020

Seller Info	Name of Seller	
	Rule 24/32 DRP ID	
	Contract Term Start Date	
	Seller Contact Name	
	Seller Email address	

Submission Date	Milestone
CAISO Registration Milestones:	
Deadline for achievement of each Milestone is forty-five (45) calendar days prior to first Month-Ahead Supply Plan submission	
	Seller or its Scheduling Coordinator registers as a CAISO Demand Response Provider, including execution of a DR Provider Agreement.
	Seller has become or has contracted with a Scheduling Coordinator or CAISO DR Provider and has identified the name of the Scheduling Coordinator

	Seller or its Scheduling Coordinator has completed other CAISO requirements, including executing a Meter Service Agreement (MSA SC) and obtaining DR Registration System (DRRS) access.
	Seller or Scheduling Coordinator has registered a resource pursuant to Section 4.13 of the CAISO tariff and applicable CAISO BPM and received Net Qualifying Capacity (NQC) approval from the CPUC and CAISO
	Seller has attested to having reviewed the CAISO's Demand Response User Guide
<u>Buyer/Utility Data Systems Integration Milestones:</u>	
Deadline for achievement of each Milestone is forty-five (45) calendar days prior to first Month-Ahead Supply Plan submission	
	Seller has completed Buyer Onboarding Process for Rule 24/32
	Seller has completed registration with Buyer's data sharing platform and completed all connectivity requirements
	Seller has obtained a Click-Through authorization and/or submitted a Customer Information Service Request DR Provider form for processing
	Seller has utilized Buyer's Application Programming Interface to obtain the full Rule 24/32 data set for a customer authorization
<u>California Public Utilities Commission (CPUC) Registration Milestones:</u>	
Deadline for achievement of each Milestone is forty-five (45) calendar days prior to first Supply Plan submission	
	Seller has executed the Demand Response Provider Service Agreement with Buyer.
	Seller has executed and notarized the CPUC Demand Response Service Provider Registration Application Form
	Seller has paid the \$100 fee
	If Seller includes residential or small commercial customers in its aggregation, Seller has received approval for the customer letter and posted the bond
	Seller has obtained a CPUC registration certificate or registration has been published on the CPUC's website
<u>Resource Adequacy Milestones:</u>	
Deadline for achievement of each Milestone is set forth in Exhibit F, "Implementation Guidelines for Qualifying Capacity"	
	Prior to first month of meeting Qualifying Capacity requirements, Seller has had phone call with Buyer to discuss resource creation and progress
	Seller has submitted Qualifying Capacity information in a timely manner

EXHIBIT I

Form of Letter of Credit

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT

Bank Reference Number: _____

Issuance Date:

Issuing Bank:

[insert bank name and address]

Applicant:

[insert applicant name and address]

BENEFICIARY:

San Diego Gas and Electric Company

[Address]

Available Amount: [insert amount and spell out]

Expiration Date: [insert date]

Ladies and Gentlemen:

_____ (the "Bank") hereby establishes this Irrevocable Nontransferable Standby Letter of Credit ("Letter of Credit") in favor of San Diego Gas and Electric Company, a California corporation (the "Beneficiary"), for the account of _____, a _____ corporation, also known as ID# _____ (the "Applicant"), for the amount stated above (the "Available Amount"), effective immediately.

This Letter of Credit shall be of no further force or effect at 5:00 p.m., California time, on the expiration date stated above or, if such day is not a Business Day (as hereinafter defined), on the next Business Day (as may be extended pursuant to the terms of this Letter of Credit (the "Expiration Date").

For the purpose hereof, "Business Day" shall mean any day other than:

1. A Saturday or a Sunday,
2. A day on which banking institutions in the city of Los Angeles, California, are required or authorized by Law to remain closed, or
3. A day on which the payment system of the Federal Reserve System is not operational.

It is a condition of this Letter of Credit that the Expiration Date shall be automatically extended without amendment for one (1) year from the Expiration Date hereof or any future Expiration Date unless at least sixty (60) calendar days prior to such Expiration Date, we send notice to you by certified mail or hand delivered courier, at the address stated below, that we elect not to extend this Letter of Credit for any such additional period.

Subject to the terms and conditions herein, funds under this Letter of Credit are available to Beneficiary by complying presentation on or before 5:00 p.m. California time, on or before the Expiration Date, of the following:

1. A copy of this Letter of Credit and all amendments;
2. A copy of the Drawing Certificate in the form of Attachment "A" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary signing as such; and
3. A copy of the Sight Draft in the form of Attachment "B" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary.

Drawings may also be presented by facsimile transmission ("Fax") to fax number [insert number] under telephone pre-advice to [insert number] or alternatively to [insert number]; provided that such Fax presentation is received on or before the Expiration Date on this instrument in accordance with the terms and conditions of this Letter of Credit. It is understood that any such Fax presentation shall be considered the sole operative instrument of drawing. In the event of presentation by Fax, the original documents should not also be presented.

Partial drawing of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; provided, the Available Amount shall be reduced by the amount of each such drawing.

This Letter of Credit is not transferable or assignable. Any purported transfer or assignment shall be void and of no force or effect.

All correspondence and any drawings (other than those made by facsimile) hereunder are to be directed to [Bank address/contact].

All notices to Beneficiary shall be in writing and are required to be sent by certified letter overnight courier, or delivered in person to:

San Diego Gas & Electric Company
8330 Century Park Ct.
San Diego, California 92123
Attn: General Counsel
Phone: (858) 650-6141
Facsimile: (858) 650-6106

Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

Banking charges shall be the sole responsibility of the Applicant.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment. Except in the case of an increase in the Available Amount or extension of the Expiration Date, this Letter of Credit may not be amended or modified without the Beneficiary's prior written consent.

The Bank engages with the Beneficiary that Beneficiary's drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Bank on or before the Expiration Date.

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the "ISP"). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

AUTHORIZED SIGNATURE for Bank

By

Name: [print name]_____

Title: [print title]_____

ATTACHMENT A

DRAWING CERTIFICATE

TO [ISSUING BANK NAME & ADDRESS]

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT
REFERENCE NUMBER: _____

DATE: _____

[insert Beneficiary name] (the “Beneficiary”), demands ***[Issuing Bank Name]*** (the “Bank”) payment to the order of the Beneficiary the amount of U.S. \$_____ (_____ U.S. Dollars), drawn under the Letter of Credit referenced above (the “Letter of Credit”), for the following reason(s) [check applicable provision]:

]A. An Event of Default, as defined in that certain Demand Response Resource Purchase Agreement between ***[insert counterparty name]*** or its successor (the “Counterparty”) and Beneficiary, dated as of ***[Date of Execution]*** (the “Agreement”) with respect to the Counterparty has occurred and is continuing.

]B. The Letter of Credit will expire in fewer than twenty (20) Business Days (as defined in the Agreement) from the date hereof, and the Counterparty or its successor has not provided Beneficiary alternative financial security acceptable to Beneficiary.

Unless otherwise provided herein, capitalized terms which are used and not defined herein shall have the meaning given each such term in the Letter of Credit.

Authorized Signature for Beneficiary:

[insert Beneficiary name]

By:

Name: [print name]

Title: [print title]

ATTACHMENT B

SIGHT DRAFT

[INSERT DATE]

TO:
[ISSUING BANK NAME & ADDRESS]

PAY AT SIGHT TO THE ORDER OF [INSERT BENEFICIARY NAME] (THE
“BENEFICIARY”) THE AMOUNT OF USD [INSERT AMOUNT] DRAWN UNDER
[ISSUING BANK NAME] IRREVOCABLE NON-TRANSFERABLE STANDBY
LETTER OF CREDIT NUMBER [INSERT NUMBER] ISSUED ON [INSERT DATE].

FUNDS PAID PURSUANT TO THE PROVISIONS OF THE LETTER OF CREDIT
SHALL BE WIRE TRANSFERRED TO THE BENEFICIARY IN ACCORDANCE WITH
THE FOLLOWING INSTRUCTIONS:

[INSERT WIRING INSTRUCTION]

AUTHORIZED SIGNATURE
[INSERT BENEFICIARY NAME]

NAME: [PRINT NAME]

TITLE: [PRINT TITLE]

LONG FORM CONFIRMATION
FOR RESOURCE ADEQUACY CAPACITY PRODUCT
Resource Adequacy Contract Number: _____

This confirmation letter ("Confirmation") confirms the transaction (the "Transaction") between San Diego Gas & Electric Company ("Seller") and _____ ("Buyer"), each individually a "Party" and together the "Parties", dated as of _____, 2023 (the "Confirmation Execution Date") in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Section 3 of this Confirmation. This Transaction shall be deemed to have been entered into pursuant to, and shall supplement, form a part of, and be governed by the terms and conditions of the form of Master Power Purchase and Sale Agreement published by the Edison Electric Institute and the National Energy Marketers Association (version 2.1 dated 4/25/00) (the "EEI Agreement") with a Cover Sheet containing the elections and other changes contained herein as if the Parties have executed the EEI Agreement (with such Cover Sheet the "Master Agreement"). The Parties agree that the only transactions to be concluded pursuant to such Master Agreement shall be the Transaction documented in this Confirmation. The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement or the Tariff (defined herein). To the extent that this Confirmation is inconsistent with any provision of the Master Agreement, this Confirmation shall govern the rights and obligations of the Parties hereunder.

Name: Party A / Seller

Name: Party B / Buyer

All Notices:

San Diego Gas & Electric Company
8315 Century Park Court CP 21D
San Diego CA 92123-1593
Attn: Contract Administration
Telephone: (858) 650-6176
Duns: 006911457
Federal Tax ID Number: 95-1184800

All Notices:

< company name >
< street address >
< city/state/zip >
Attn: _____
Telephone: () -
Facsimile: () -
Duns: _____
Federal Tax ID Number: _____

Invoices:

San Diego Gas & Electric Company
8315 Century Park Court
San Diego CA 92123-1593
Attn: Energy Accounting Manager
Telephone: (858) 650-6177

Invoices:

< company name >
< street address >
< city/state/zip >
Attn: _____
Telephone: () -
Facsimile: () -

Scheduling:

San Diego Gas & Electric Company
8315 Century Park Court, CP 21D
San Diego, CA 92123-1593
Attn: Transaction Scheduling Manager
Day Ahead: (858) 650-6168
Real Time: (858) 650-6160

Scheduling:

< company name >
< street address >
< city/state/zip >
Attn: _____
Day Ahead: () -
Real Time: () -
Facsimile: () -

Payments:

San Diego Gas & Electric Company
8315 Century Park Court
San Diego CA 92123-1593
Attn: Energy Accounting Manager
Telephone: (858) 650-6177

Payments:

< company name >
< street address >
< city/state/zip >
Attn: _____
Telephone: () ____ - ____
Facsimile: () ____ - ____

Wire Transfer:

Union Bank of California
445 South Figueroa Street
Los Angeles CA 90071
ABA Routing Number: 122000496
Payee: San Diego Gas & Electric Company
Account Number: 4430000352
Confirmation: SDG&E – Major Markets

Wire Transfer:

< bank street address >
< bank city/state/zip >
ABA Routing Number: _____
Payee: _____
Account Number: _____
Confirmation: _____
Facsimile: () ____ - ____

Credit and Collections:

San Diego Gas & Electric Company
8315 Century Park Court CP 21CSan
Diego, CA 92123
Attn: Energy Risk Manager
Telephone: (858) 650-6190
Email: sdge_mmcredit@sdge.com

Credit and Collections:

< company name >
< street address >
< city/state/zip >
Attn: _____
Telephone: () ____ - ____
Facsimile: () ____ - ____

With additional Notices of an Event of Default or Potential Event of Default to:

San Diego Gas & Electric Company
8330 Century Park Ct.
San Diego, California 92123
Attn: General Counsel
Telephone: (858) 650-6141

With additional Notices of an Event of Default or Potential Event of Default to:

< company name >
< street address >
< city/state/zip >
Attn: _____
Telephone: () ____ - ____
Facsimile: () ____ - ____

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:

Article Two

Transaction Terms and Conditions

Optional provision in Section 2.4.
If not checked, inapplicable.

Article Four

Remedies for Failure to Deliver or Receive

Accelerated Payment of Damages.

If not checked, inapplicable.

Article Five

Events of Default; Remedies

- Cross Default for Party A:
- Party A: N/A_____ Cross Default Amount: N/A_____
- Other Entity: N/A_____ Cross Default Amount: N/A_____

- Cross Default for Party B:
- Party B: N/A_____ Cross Default Amount: N/A_____
- Other Entity: N/A_____ Cross Default Amount: N/A_____

5.6 Closeout Setoff

- Option A (Applicable if no other selection is made.)
- Option B – Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows:

- Option C (No Setoff) _____

Article 8

Credit and Collateral Requirements

8.1 Party A Credit Protection: : [SDG&E CREDIT DEPARTMENT TO EVALUATE BASED ON COUNTERPARTY]

- (a) Financial Information:
 - Option A
 - Option B Specify: _____
 - Option C Specify: _____
- (b) Credit Assurances:
 - Not Applicable
 - Applicable
- (c) Collateral Threshold:
 - Not Applicable
 - Applicable
- (d) Downgrade Event:
 - Not Applicable
 - Applicable
- (e) Guarantor for Party B: N/A
Guarantee Amount: N/A

8.2 Party B Credit Protection

- (a) Financial Information:
 - Option A
 - Option B Specify: _____
 - Option C Specify: _____
- (b) Credit Assurances:
 - Not Applicable
 - Applicable
- (c) Collateral Threshold:
 - Not Applicable
 - Applicable

If applicable, complete the following:

Party A Collateral Threshold: \$ _____;
provided, however, that Party A's Collateral
Threshold shall be zero if an Event of Default or
Potential Event of Default with respect to Party A
has occurred and is continuing.

Party A Independent Amount: \$ _____
Party A Rounding Amount: \$ _____

(d) Downgrade Event:

Not Applicable

Applicable

If applicable, complete the following:

It shall be a Downgrade Event for Party A if
Party A's Credit Rating falls below _____
from S&P or _____ from Moody's or if Party A
is not rated by either S&P or Moody's

Other:

Specify: _____

(e) Guarantor for Party A: N/A

Guarantee Amount: N/A

Article 10

Confidentiality

Confidentiality Applicable If not checked, inapplicable.

Schedule M

Party A is a Governmental Entity or Public Power System

Party B is a Governmental Entity or Public Power System

Add Section 3.6. If not checked, inapplicable

Add Section 8.4. If not checked, inapplicable

Note to Buyers: If Buyer is a form of governmental entity, then
Schedule M shall apply and further modifications to this Confirm
will be needed.

Other Changes

1. The modifications to Section 1.12, 1.50 and 5.2 of the
Master Agreement specified in that certain Errata
published by the Edison Electric Institute (version 1.1,
July 18, 2007) are hereby incorporated herein as if set
forth in full.

2. Section 1.60 is amended by inserting the words "in
writing" immediately following the words "agreed to".

3. In Section 2.1, delete the first sentence in its entirety and
replace with the following:

"A Transaction, or an amendment, modification or
supplement thereto, shall be entered into only upon a
writing signed by both Parties evidencing the
commercial terms of such Transaction (a

“Confirmation”).”

4. Section 2.3 is deleted in its entirety and replaced with the following:

“2.3 No Oral Agreements or Modifications. Notwithstanding anything to the contrary in this Master Agreement, the Master Agreement and any and all Transactions may not be orally amended, supplemented or modified and any such amendment, supplement or modification shall only be effective pursuant to a writing signed by both Parties.”

5. Section 2.4 is hereby amended by deleting the words “either orally or” in the sixth line.
6. Section 10.2(ii) of the Master Agreement shall be modified by inserting “Except for the approval by the CPUC as stated in Section 2.2 of this Confirmation,” at the beginning of the first sentence in such section.
7. Section 10.6 of the Master Agreement shall be deleted in its entirety and replaced with the following:

“10.6 THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. TO THE EXTENT PERMISSIBLE UNDER APPLICABLE LAW, EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY LITIGATION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.”

8. Schedule P: Products and Related Definitions shall be deleted in its entirety.

1. **Definitions**

- 1.1 “Applicable Laws” means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body having jurisdiction over one or both Parties or this Transaction, including without limitation, the Tariff.
- 1.2 “Availability Incentive Payments” has the meaning set forth in the Tariff [and includes any similarly defined payments under the Tariff in respect of Flexible RA Attributes] *[Comment: Include bracketed language if the Product includes flexible capacity]*.
- 1.3 “Availability Standards” has the meaning set forth in the Tariff [and includes any similarly defined standards under the Tariff in respect of Flexible RA Attributes] *[Comment: Include bracketed language if the Product includes flexible capacity]*.

- 1.4 “Buyer” has the meaning specified in the introductory paragraph.
- 1.5 “CAISO” means the California Independent System Operator Corporation, or any successor entity performing the same functions.
- 1.6 “Capacity Attributes” means (a) the Local RA Attributes, (b) the RA Attributes, (c) the Flexible RA Attributes, and (d) any other current or future defined characteristics (including the ability to generate at a given capacity level, provide ancillary services, ramp up or down at a given rate, and flexibility or dispatch-ability attributes), certificates, tags, credits, howsoever entitled, including any account construct applied to any Compliance Obligations, based on the applicable Unit’s electric generation capacity.
- 1.7 “Capacity Price” means the price specified in the Capacity Price Table in Section 4.1.
- 1.8 “Capacity Replacement Price” means (a) the actual rate per kW-day paid for any Replacement Capacity purchased by Buyer pursuant to Section 5.2(a) including any penalties, fines, transaction costs and expenses reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of Replacement Capacity, any penalties, fines, transaction costs and expenses plus the per kW-day market price for the Product not delivered by Seller under this Confirmation. Buyer shall determine such market prices in a commercially reasonable manner. For purposes of Section 1.51 of the Master Agreement, “Capacity Replacement Price” shall be deemed the “Replacement Price” for this Transaction.
- 1.9 “Compliance Obligations” means the RAR, Local RAR, Flexible RAR, and other resource adequacy requirements associated with a generating unit’s Capacity Attributes established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction.
- 1.10 “Compliance Showing” means one or more of the following: (a) Local RAR Showing, (b) RAR Showing, (c) Flexible RAR Showing, or (d) other Capacity Attributes compliance or advisory filing (or similar or successor showing or filing), in each case, that an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the CPUC Decisions, or to any Governmental Body having jurisdiction.
- 1.11 “Confirmation” has the meaning specified in the introductory paragraph.
- 1.12 “Confirmation Execution Date” has the meaning specified in the introductory paragraph.
- 1.13 “Contract Price” means, for any day in any Monthly Delivery Period, the Capacity Price for such period.
- 1.14 “Contract Quantity” means the quantity of Product (in MW) as set forth in Section 3.5.
- 1.15 “Contract Term” has the meaning set forth in Section 2.1.
- 1.16 “CPUC” means the California Public Utilities Commission.
- 1.17 “CPUC Decisions” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-25, and any other existing or subsequent decisions, resolutions or rulings related to resource adequacy, as may be amended from time to time by the CPUC.
- 1.18 “CPUC Filing Guide” is the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSEs to demonstrate compliance with the CPUC’s resource adequacy program as provided in the CPUC Decisions.

- 1.19 “Credit Rating” means, with respect to any entity, the rating assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) by S&P, Moody’s or any other rating agency agreed by the Parties as set forth in the Master Agreement, or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody’s or any other rating agency agreed by the Parties as set forth in the Master Agreement.
- 1.20 “Delivery Period” has the meaning specified in Section 3.3.
- 1.21 “Emission Reduction Credits” or “ERC(s)” means emission reductions that have been authorized by a local air pollution control district pursuant to California Division 26 Air Resources; Health and Safety Code Sections 40709 and 40709.5, whereby such district has established a system by which all reductions in the emission of air contaminants that are to be used to offset certain future increases in the emission of air contaminants shall be banked prior to use to offset future increases in emissions.
- 1.22 “Environmental Costs” means costs incurred in connection with acquiring and maintaining all environmental permits and licenses for the Product, and the Product’s compliance with all applicable environmental laws, rules and regulations, including capital costs for pollution mitigation or installation of emissions control equipment required to permit or license the Product, all operating and maintenance costs for operation of pollution mitigation or control equipment, costs of permit maintenance fees and emission fees as applicable, and the costs of all Emission Reduction Credits or Marketable Emission Trading Credits (including any costs related to greenhouse gas emissions) required by any applicable environmental laws, rules, regulations, and permits to operate, and costs associated with the disposal and clean-up of hazardous substances introduced to the site, and the decontamination or remediation, on or off the site, necessitated by the introduction of such hazardous substances on the site.
- 1.23 “Flexible RA Attributes” means, with respect to a Unit, any and all flexible resource adequacy attributes, as may be identified from time to time by the CPUC, CAISO or other Governmental Body having jurisdiction that can be counted toward Flexible RAR, exclusive of any RA Attributes and Local RA Attributes.
- 1.24 “Flexible RAR” means the flexible capacity requirements, including, without limitation, maximum continuous ramping, load following, and regulation, established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction. Flexible RAR may also be known as ramping, maximum ramping, maximum continuous ramping, maximum continuous ramping capacity, maximum continuous ramping ramp rate, load following, load following capacity, load following ramp rate, regulation, regulation capacity, regulation ramp rate.
- 1.25 “Flexible RAR Showing” means the Flexible RAR compliance or advisory filing (or similar or successor showing or filing) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to any Governmental Body having jurisdiction.
- 1.26 “GADS” means the Generating Availability Data System, or its successor.
- 1.27 “Governmental Body” means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.
- 1.28 “Local Capacity Area” has the meaning set forth in the Tariff.
- 1.29 “Local RA Attributes” means, with respect to a Unit, any and all resource adequacy attributes or other locational attributes for the Unit related to a Local Capacity Area, as may be identified from time to time by the CPUC, CAISO or other Governmental Body having jurisdiction, associated with the physical

location or point of electrical interconnection of the Unit within the CAISO Control Area, that can be counted toward a Local RAR, but exclusive of any RA Attributes and Flexible RA Attributes.

- 1.30 “Local RAR” means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.
- 1.31 “Local RAR Showing” means the Local RAR compliance or advisory filing (or similar or successor showing or filing) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, or to any Governmental Body having jurisdiction.
- 1.32 “LSE” means load-serving entity.
- 1.33 “Marketable Emission Trading Credits” means without limitation, emissions trading credits or units pursuant to the requirements of California Division 26 Air Resources; Health & Safety Code Section 39616 and Section 40440.2 for market based incentive programs such as the South Coast Air Quality Management District’s Regional Clean Air Incentives Market, also known as RECLAIM, and allowances of sulfur dioxide trading credits as required under Title IV of the Federal Clean Air Act (see 42 U.S.C. § 7651b.(a) to (f)).
- 1.34 “Master Agreement” has the meaning specified in the introductory paragraph.
- 1.35 “Monthly Delivery Period” means each calendar month during the Delivery Period and shall correspond to each Showing Month.
- 1.36 “Monthly Payment” has the meaning specified in Section 4.1.
- 1.37 “Moody’s” means Moody’s Investors Services, Inc. or its successor.
- 1.38 “NERC” means the North American Electric Reliability Corporation, or its successor.
- 1.39 “NERC/GADS Protocols” means the GADS protocols established by NERC, as may be updated from time to time.
- 1.40 “Net Qualifying Capacity” has the meaning set forth in the Tariff.
- 1.41 “Non-Availability Charges” has the meaning set forth in the Tariff [and includes any similarly defined charges under the Tariff in respect of Flexible RA Attributes] *[Comment: Include bracketed language if the Product includes flexible capacity]*.
- 1.42 “Non-Specified RA Replacement Capacity” has the meaning set forth in the Tariff [and includes any similarly defined capacity under the Tariff in respect of Flexible RA Attributes] *[Comment: Include bracketed language if the Product includes flexible capacity]*.
- 1.43 “Outage” means any disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff.
- 1.44 “Planned Outage” shall have the meaning in CPUC Decisions, and includes a planned, scheduled, or any other Outage approved by the CAISO for the routine repair or maintenance of the Unit, or for the purposes of new construction work, and does not include any Outage designated as either forced or unplanned as defined by the CAISO or NERC/GADS Protocols.

- 1.45 “Product” has the meaning specified in Section 3.1.
- 1.46 “Prorated Percentage of Unit Factor” means the percentage, as specified in Appendix A, of the Unit NQC as of the Confirmation Execution Date that is dedicated to Buyer under this Transaction.
- 1.47 “Prorated Percentage of Unit Flexible Factor” means the percentage, as specified in Appendix A, of the Unit EFC as of the Confirmation Execution Date that is dedicated to Buyer under this Transaction.
- 1.48 “RA Attributes” means, with respect to a Unit, any and all resource adequacy attributes, as may be identified from time to time by the CPUC, CAISO or other Governmental Body having jurisdiction that can be counted toward RAR, exclusive of any Local RA Attributes and Flexible RA Attributes.
- 1.49 “RA Substitute Capacity” means capacity that the CAISO permits under the CAISO Tariff to be substituted for a Resource Adequacy Resource that is on Outage.
- 1.50 “RAR” means the resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction.
- 1.51 “RAR Showing” means the RAR compliance or advisory filing (or similar or successor showing or filing) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the CPUC Decisions, or to any Governmental Body having jurisdiction.
- 1.52 “Replacement Capacity” means capacity which has equivalent Capacity Attributes as the portion of the Product not provided by the Units committed to Buyer as of the Confirmation Execution Date.
- 1.53 “Replacement Unit” means a generating unit providing Replacement Capacity.
- 1.54 “Resource Category” shall be as described in the CPUC Filing Guide.
- 1.55 “RMR Contract” has the meaning set forth in the Tariff.
- 1.56 “S&P” means the Standard & Poor’s Rating Group (a division of McGraw-Hill, Inc. or its successor).
- 1.57 “Scheduling Coordinator” or “SC” has the meaning set forth in the Tariff.
- 1.58 “Seller” has the meaning specified in the introductory paragraph.
- 1.59 “Showing Month” shall be the calendar month that is the subject of the Compliance Showing, as applicable, as set forth in the CPUC Decisions. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Execution Date, the monthly RAR Showing made in June is for the Showing Month of August.
- 1.60 “Substitution Rules” has the meaning set forth in Section 3.8(b).
- 1.61 “Supply Plan” has the meaning set forth in the Tariff [and includes any similarly defined plan under the Tariff in respect of Flexible RA Attributes][*Comment: Include bracketed language if the Product includes flexible capacity*].
- 1.62 “Tariff” means the tariff and protocol provisions, including any applicable CAISO-published “Operating Procedures” and “Business Practice Manuals,” as amended or supplemented from time to time, of the CAISO.
- 1.63 “Transaction” has the meaning specified in the introductory paragraph.

- 1.64 “Unit” or “Units” shall mean the generation assets described in Appendix A (including any Replacement Units), from which Product is provided by Seller to Buyer.
- 1.65 “Unit Contract Quantity” means the amount of Product (in MW) to be delivered by Seller to Buyer by each individual Unit, as specified in Appendix A as of the Confirmation Execution Date.
- 1.66 “Unit EFC” means the effective flexible capacity or capacity that is qualified to provide Flexible RA Attributes established by the CAISO for the applicable Unit.
- 1.67 “Unit NQC” means the Net Qualifying Capacity established by the CAISO for the applicable Unit.
- 1.68 “Unit Delivered Quantity” means the amount of applicable Product (in MW) actually “delivered” by Seller to Buyer by each individual Unit. As used herein, “delivered” shall mean shown in the Supply Plan and, for purposes of Section 4.1, shall include any RA Substitute Capacity under Section 3.8, and in all cases, shall not include (i) any portion of Contract Capacity for which Buyer is required under the Compliance Obligations or the Tariff to procure Replacement Capacity, and (ii) any portion of Contract Capacity for which Seller is required hereunder, but fails, to provide Replacement Capacity to Buyer.

2. Term

2.1 Contract Term

The “Contract Term” shall mean the period of time commencing upon the Confirmation Execution Date and continuing until the later of (a) the expiration of the Delivery Period or (b) the date the Parties’ obligations under this Agreement have been fulfilled.

3. Transaction

3.1 Product

- (a) Seller shall sell and Buyer shall receive and purchase, the Capacity Attributes (including all Local RA Attributes [but excluding Flexible RA Attributes (if any)][and Flexible RA Attributes] *[Comment: Second bracketed language to be used if the Product includes flexible capacity]*) of the Units identified in Appendix A (collectively, the “Product”) and Seller shall deliver the Product as described in Section 3.2 below. Product does not include any right to dispatch or receive the energy or ancillary services from the Unit. Seller retains the right to sell any Product from a Unit in excess of its Unit Contract Quantity.
- (b) The Parties agree that (i) the Contract Price for the Product shall not change if the CAISO, CPUC or other Governmental Body (A) defines new or re-defines existing Local Capacity Areas which decreases or increases the amount of Local RA Attributes provided hereunder, or (B) defines new or re-defines existing Local Capacity Areas whereby the Units qualify for a Local Capacity Area and (ii) if the event in Section 3.1(b)(i)(B) occurs then the Product shall include such Local RA Attributes.
- (c) [The Parties agree that (i) the Contract Price for the Product shall not change if the CAISO, CPUC or other Governmental Body defines new or re-defines existing Flexible RAR, Capacity Attributes related to Flexible RAR, or attributes of the Unit related to Flexible RAR, that results in a decrease or increase in the amount of Capacity Attributes related to Flexible RAR provided hereunder, and (ii) if the event in Section 3.1(c)(i) occurs then the Product shall include such Capacity Attributes related to Flexible RAR.] *[Comment: This Section 3.1(c) to be used if the Product includes flexible capacity.]*

3.2 Unit Contingent Quantity

During the Delivery Period, Seller shall provide Buyer with the Product from the Unit(s) in the amount of the Contract Quantity. Except for reasons of Planned Outage, Force Majeure or any adjustment of the Capacity Attributes of any Unit(s), if the Unit(s) are not available to provide any portion of the Product, Seller shall provide Buyer with Replacement Capacity from one or more Replacement Units pursuant to Section 5.1. If Seller fails to provide Buyer with Replacement Capacity pursuant to Section 5.1, then Seller shall be liable for damages and/or to indemnify Buyer for penalties, fines or costs pursuant to the terms of Section 5 and Section 10.

3.3 Delivery Period

The "Delivery Period" shall be _____ through _____, inclusive, unless terminated earlier in accordance with the terms of this Agreement.

3.4 Contract Quantity:

During each month of the Delivery Period, Seller shall provide the Product from each Unit in the total amount for such month as follows:

CONTRACT QUANTITY TABLE

Unit Name	CAISO Resource ID*	Month(s)	Unit Contract Quantity (MW)	
			Capacity Attributes (excluding Flexible RA Attributes)	Flexible RA Attributes

* CAISO Resource ID should match a Unit described in Appendix A

3.5 Delivery of Product

Seller shall provide Buyer with the Contract Quantity for each day in each Monthly Delivery Period consistent with the following:

- (a) Seller shall, on a timely basis, submit, or cause each Unit's SC to submit, Supply Plans to identify and confirm the Unit Delivered Quantity for each Unit provided to Buyer so that the total amount of Unit Delivered Quantity identified and confirmed equals the Unit Contract Quantity for each Unit, unless specifically notified or requested not to do so by the Buyer pursuant to Section 3.8, and;
- (b) Seller shall submit, or cause each Unit's SC to submit, written notification to Buyer, no later than fifteen (15) Business Days before the relevant deadline for any applicable Compliance Showing, that Buyer will be credited with Unit Delivered Quantity for the applicable portion of the Delivery

Period in the Unit's SC Supply Plan so that the total amount of Unit Delivered Quantity for each Unit credited equals the Unit Contract Quantity.

3.6 CAISO/CPUC Offer Requirements

Subject to Buyer's request under Section 3.8(a), Seller shall, or cause the Unit's SC to, bid and/or schedule with, or make available to, the CAISO the Unit Contract Quantity for each Unit in compliance with the Tariff and the CPUC Filing Guide, including any must offer obligation under the Tariff or the CPUC Filing Guide, and shall, or cause the Unit's SC, owner, or operator, as applicable, to perform all obligations under the Tariff and the CPUC Filing Guide that are associated with the sale and delivery of Product hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit's SC, owner, or operator to comply with such Tariff and CPUC Filing Guide provisions, including any penalties, charges or fines imposed on Seller or the Unit's SC, owner, or operator for such noncompliance.

3.7 Reserved

3.8 Unit Substitution; RA Replacement Capacity

- (a) RA Replacement Capacity: No later than five (5) Business Days before the relevant deadline for each applicable Compliance Showing, Buyer may (i) request, subject to Seller's reasonable approval, that Seller not, or cause each Unit's SC not to, list a portion or all of a Unit's applicable Unit Contract Quantity on the Supply Plan or (ii) notify Seller that a portion or all of the Unit Contract Quantity of a Unit will be included in an applicable Compliance Showing as RA Substitute Capacity. The amount of Unit Contract Quantity that is the subject of such a request or notice shall be known as "RA Substitute Capacity" and, for purposes of calculating a Monthly Payment pursuant to Section 4.1, to the extent provided, such RA Substitute Capacity shall be deemed Unit Delivered Quantity provided consistent with Section 3.6.
- (b) Seller's Obligations With Respect to RA Substitute Capacity: If Buyer requests RA Substitute Capacity, Seller shall (i) make such RA Substitute Capacity available to Buyer during the applicable Showing Month to allow Buyer to utilize, as applicable, the substitution rules in Sections 9.3.1.3.1, 9.3.1.3.2 and 40.9.4.2.1 of the Tariff [including any similarly defined substitution rules under the Tariff in respect of Flexible RA Attributes]*[Comment: Include bracketed language if the Product includes flexible capacity]* ("Substitution Rules") and (ii) take, or cause each Unit's SC to take, all action to allow Buyer to utilize, as applicable, the Substitution Rules, including, but not limited to, ensuring that the RA Substitute Capacity will qualify, as applicable, for substitution under the Substitution Rules, and providing Buyer with all information needed to utilize the Substitution Rules.
- (c) Seller agrees that all RA Substitute Capacity utilized by Buyer under the Substitution Rules, as applicable, is subject to the requirements identified in Section 3.6.
- (d) Failure to Provide RA Substitute Capacity: If Seller fails to provide RA Substitute Capacity or Buyer is unable to utilize the RA Substitute Capacity under the Substitution Rules due to Seller's failure to fulfill its obligations under Section 3.8(b)(ii), then Seller shall reimburse Buyer for any and all Non-Availability Charges incurred by Buyer and shall pay Buyer the CPM revenue the CAISO would have paid the Buyer but for Seller failure, due to such failure or inability to utilize the Substitution Rules; provided, that if Buyer is unable to utilize the Substitution Rules because the RA Substitute Capacity does not qualify for substitution under Section 9.3.1.3.1, 9.3.1.3.2, 40.9.4.2.1(1)(i) or (ii) of the Tariff, then Seller shall not be responsible for any such Non-Availability Charges described in this Section 3.8(d) associated with such inability.

3.9 Buyer's Re-Sale of Product

Buyer may re-sell all or a portion of the Product.

4. Payment

4.1 Monthly Payment

In accordance with the terms of Article Six of the Master Agreement, Buyer shall make a “Monthly Payment” to Seller for each Unit after the applicable Monthly Delivery Period, as follows:

$$\text{Monthly Payment} = \sum_{n=1}^d (A_n * B_n * 1000)$$

where:

A = applicable Contract Price (in \$/kW-day) for that calendar day

B = Unit Delivered Quantity (in MW) for Capacity Attributes provided by Seller for such Unit in that calendar day; provided, however, in no event shall this quantity “**B**” exceed the Contract Quantity for such Unit (in MW) for Capacity Attributes nor shall this quantity “**B**” be less than zero.

d = Total number of calendar days in the respective Monthly Delivery Period

The Monthly Payment calculation shall be rounded to two decimal places. In no case shall a Unit's Monthly Payment (or any day in any Monthly Payment) be less than zero.

CAPACITY PRICE TABLE

Contract Month	Capacity Price (\$/kW-day)
January	
February	
March	
April	
May	
June	

Contract Month	Capacity Price (\$/kW-day)
July	
August	
September	
October	
November	
December	

4.2 Reserved.

4.3 Allocation of Other Payments and Costs

- (a) Seller shall retain any revenues it may receive from and pay all costs charged by, the CAISO or any other third party with respect to any Unit for (i) start-up, shutdown, and minimum load costs, (ii) capacity revenue for ancillary services, (iii) energy sales, and (iv) any revenues for black start or reactive power services. Seller shall be responsible for the Environmental Costs associated with the Product and shall indemnify, defend and hold Buyer harmless from and against all third-party claims brought against Buyer for Environmental Costs.
- (b) Buyer shall be entitled to receive and retain all revenues associated with the Contract Quantity during the Delivery Period including any capacity or availability revenues from RMR Contracts for any Unit, Capacity Procurement Mechanism (CPM) or its successor, and Residual Unit Commitment (RUC) Availability Payments or Reliability Capacity, or their successor, and Imbalance Reserves or its successor but excluding payments described in Section 4.3(a)(i)-(iv).
- (c) In accordance with Section 4.1 of this Confirmation and Article Six of the Master Agreement, all such Buyer revenues described in Section 4.3(b), but received by Seller, or a Unit's SC, owner, or operator shall be remitted to Buyer, and Seller shall pay such revenues to Buyer if the Unit's SC, owner, or operator fails to remit those revenues to Buyer. In order to verify the accuracy of such revenues, Buyer shall have the right, at its sole expense and during normal working hours after reasonable prior notice, to hire an independent third party reasonably acceptable to Seller to audit any documents, records or data of Seller associated with the Contract Quantity.
- (d) If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit the Contract Quantity for re-sale in such market, and retain and receive any and all related revenues.
- (e) Subject to the Unit being made available to the CAISO in accordance with Article 3 of this Confirmation, Seller agrees that the Unit is subject to the terms of the Availability Standards, Non-Availability Charges, and Availability Incentive Payments under the Tariff. Furthermore, the Parties agree that any Availability Incentive Payments are for the benefit of Seller and for Seller's account and that any Non-Availability Charges are the responsibility of Seller and for Seller's account.

4.4 Offset Rights

Either Party may offset any amounts owing to it for revenues, penalties, fines, costs, reimbursement or other payments pursuant to Article Six of the Master Agreement against any future amounts it may owe to the other Party under this Confirmation.

5. Seller's Failure to Deliver Contract Quantity

5.1 Seller's Duty to Provide Replacement Capacity

Planned Outage replacement shall be addressed by the Tariff. For all other replacements, if Seller is unable to provide the Contract Quantity from any Unit(s) for any day in any Monthly Delivery Period and Replacement Capacity is required under Section 3.2, then:

- (a) Seller shall notify Buyer of the non-availability of any portion of the Contract Quantity from any Unit(s) and identify Replacement Unit(s), and
- (b) Seller shall, at no additional cost to Buyer, provide Buyer with Replacement Capacity from one or more Replacement Units, such that the total amount of Product provided to Buyer from all Units and Replacement Units equals Contract Quantity.

provided that the designation of any Replacement Unit by Seller shall be subject to Buyer's prior written approval, which shall not be unreasonably withheld or delayed. Once Seller has identified in writing any Replacement Units that meet the requirements of this Section 5.1, and Buyer has approved the designation of the Replacement Unit, then any such Replacement Unit shall be deemed a Unit for purposes of this Confirmation for that day in such Monthly Delivery Period. Notwithstanding anything to the contrary in this Confirmation, Seller's failure to properly provide Replacement Capacity, including Seller's obligation to identify Replacement Units within the notice deadlines specified in this Section 5.1, may result in the calculation of damages payable to Buyer and/or the indemnification of Buyer against any penalties, fines or costs under Section 5 and Section 10.

5.2 Damages for Failure to Provide Replacement Capacity

If Seller fails to provide Buyer any portion of the Contract Capacity from Replacement Units for any day in any Monthly Delivery Period as required by Section 5.1, then the following shall apply:

- (a) Buyer may, but shall not be obligated to, obtain Replacement Capacity. Buyer may enter into purchase transactions with one or more parties to replace the portion of Contract Capacity not provided by Seller. Additionally, Buyer may enter into one or more arrangements to repurchase its obligation to sell and deliver the capacity to another party, and such arrangements shall be considered the procurement of Replacement Capacity. Buyer shall act in a commercially reasonable manner in purchasing any Replacement Capacity, and;
- (b) Seller shall pay to Buyer damages, in accordance with the terms of Section 4.1 of the Master Agreement relating to "Accelerated Payment of Damages," if applicable, an amount equal to the positive difference, if any, between (i) the sum of (A) the Capacity Replacement Price paid by Buyer for any Replacement Capacity purchased by Buyer pursuant to Section 5.2(a) for such day, plus (B) the Capacity Replacement Price times the portion of Contract Capacity not provided by Seller nor purchased by Buyer pursuant to Section 5.2(a) for such day times 1,000 kW/MW, and (ii) the portion of Contract Capacity not provided for the applicable day in the applicable Monthly Delivery Period times the Contract Price for that day times 1,000 kW/MW.

5.3 Indemnities for Failure to Deliver Contract Capacity

If Buyer is unable to purchase Replacement Capacity after Seller fails to provide Buyer a portion of the Contract Capacity from Replacement Units for any day in any Monthly Delivery Period as required by Section 5.1, then in addition to the damages pursuant to Section 5.2(b)(i)(B) with respect to the portion of Contract Capacity that Buyer has not replaced, Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC, CAISO, or any Governmental Body having jurisdiction, resulting from any of the following:

- (a) Seller's failure to provide any portion of the Contract Capacity or any portion of the Replacement Capacity;
- (b) Seller's failure to provide timely notice of the non-availability of any portion of the Contract Capacity;
- (c) A Unit's SC's failure to timely submit Supply Plans that identify Buyer's right to the Unit Contract Quantity purchased hereunder, or;
- (d) any other failure by Seller to perform its material obligations under this Confirmation.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties, fines and costs.

6. Other Buyer and Seller Covenants

6.1 Seller's and Buyer's Duty to Take Action to Allow the Utilization of the Product

Buyer and Seller shall, throughout the Delivery Period, take commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer's Compliance Obligations. The Parties further agree to negotiate in good faith to make necessary amendments, if any, to this Confirmation to conform this Transaction to subsequent clarifications, revisions or decisions rendered by the CPUC, FERC, or other Governmental Body having jurisdiction to administer Compliance Obligations, to maintain the benefits of the bargain struck by the Parties on the Confirmation Execution Date. The Parties acknowledge that the benefit of the bargain as stated in this Agreement attempts to reflect anticipated changes to the CAISO and CPUC Resource Adequacy rules as such rules have been proposed as of the Confirmation Execution Date.

As used in this Section 6.1, "commercially reasonable actions" or "good faith" shall not require the Seller, or the owner or operator of any Unit to undertake any capital improvements, facility enhancements, or the construction of new facilities.

6.2 Seller's Represents, Warrants and Covenants

Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

- (a) Seller owns or has the exclusive right to the Product sold under this Confirmation from each Unit, and shall furnish Buyer, CAISO, CPUC or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;
- (b) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy Compliance Obligations or analogous obligations in any CAISO or non-CAISO markets, other than pursuant to an RMR Contract between the CAISO and either Seller or the Unit's owner or operator;

- (c) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, and is under the control of CAISO;
- (d) Seller shall, and each Unit's SC, owner and operator is obligated to, comply with Applicable Laws, including the Tariff, relating to the Product;
- (e) If Seller is the owner of any Unit, the aggregation of all amounts of Capacity Attributes that Seller has sold, assigned or transferred for any Unit does not exceed the Unit NQC or Unit EFC, as applicable, for that Unit;
- (f) Seller has notified the SC of each Unit that Seller has transferred the Unit Contract Quantity to Buyer, and the SC is obligated to deliver the Supply Plans in accordance with the Tariff fully reflecting such transfer;
- (g) Seller has notified the SC of each Unit that Seller is obligated to cause each Unit's SC to provide to Buyer, at least fifteen (15) Business Days before the relevant deadline for each Compliance Showing, the Unit Contract Quantity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period;
- (h) Seller has notified each Unit's SC that Buyer is entitled to the revenues set forth in Section 4.3, and such SC is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues;
- (i) In the event Seller has rights to the energy output of any Unit, and Seller or the Unit's SC schedules energy from the Unit for export from the CAISO Control Area, or commits energy to another entity in a manner that could result in scheduling energy from the Unit for export from the CAISO Control Area, it shall do so only as allowed by, and in accordance with, Applicable Laws and such exports may, if allowed by the Tariff, be curtailed by the CAISO, and;
- (j) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities.

7. Confidentiality

Notwithstanding Section 10.11 of the Master Agreement, the Parties agree that Buyer and Seller may disclose this Agreement to the CPUC, CAISO and any Governmental Body, as required by Applicable Law, and Seller may disclose the transfer of the Contract Quantity under this Transaction to the SC of each Unit in order for such SC to timely submit accurate Supply Plans; provided, that each disclosing Party shall use reasonable efforts to limit, to the extent possible, the ability of any such applicable Governmental Body, CAISO, or SC to further disclose such information. In addition, in the event Buyer resells all or any portion of the Product, Buyer shall be permitted to disclose to the other party to such resale transaction all such information necessary to effect such resale transaction.

8. Counterparts

This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by fax will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Agreement by facsimile will also deliver an originally executed counterpart, but the

failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

9. Collateral Requirements [NOTE to respondents: Amount to be determined by SDG&E credit department]

On or before the Confirmation Execution Date, to secure its obligations under this Confirmation, Buyer agrees to deliver (i) cash or (ii) a Letter of Credit, in substantially the same form as attached hereto as Appendix B in the amount of _____ to Seller and maintain such security in full force and effect until it is required to be returned in accordance with this Section 9. The security posted under this Section 9 shall not be deemed a limitation of Buyer's damages. Seller shall return to Buyer any unused portion of this security after the following have occurred: (i) the Delivery Period has expired or terminated early; and (ii) all payment obligations of the Buyer arising under this Confirmation, including compensation for penalties, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting).

10. Declaration of an Early Termination Date and Calculation of Settlement Amounts

Notwithstanding anything to the contrary, the Parties shall determine the Settlement Amount for this Transaction in accordance with Section 5.2 of the Master Agreement using the defined terms contained in this Confirmation as applicable. Furthermore, with respect to this Transaction only, the following language is to be added at the end of Section 5.2 of the EEI Agreement:

"If Buyer is the Non-Defaulting Party and Buyer reasonably expects to incur penalties, fines or costs from the CPUC, the CAISO, or any other Governmental Body having jurisdiction, because Buyer is not able to include the Contract Quantity in any applicable Compliance Showing due to the termination of the Transaction under the Master Agreement caused by Seller's Event of Default and Buyer has not purchased Replacement Capacity for the applicable portion of the Contract Quantity, then Buyer may, in good faith, estimate as its Losses in respect of the Transaction the present value of the amount of those penalties, fines and costs on a \$/kW-day basis subtracting the Contract Price (in \$/kW-day) and include this estimate in its determination of the Settlement Amount, subject to accounting to Seller when those penalties, fines and costs are finally ascertained. The rights and obligations with respect to determining and paying any Settlement Amount or Termination Payment, and any dispute resolution provisions with respect thereto, shall survive the termination of this Transaction and shall continue until after those penalties or fines are finally ascertained."

[Signature page follows]

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

a _____

SAN DIEGO GAS & ELECTRIC COMPANY
a California corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

APPROVED as to legal form _____

APPENDIX A

Unit Information

Unit Resource Name	
CAISO Resource ID	
Unit SCID	
Unit NQC (MW)	
Prorated Percentage of Unit Factor	
Unit EFC (MW)	<i>[Comment: If the Product does not include flexible capacity, insert "Not Applicable"]</i>
Prorated Percentage of Unit Flexible Factor	
Resource Type	
Resource Category (MMC Bucket 1, 2, 3 or 4)	
Path 26 (North or South)	
Local Capacity Area (if any, as of Confirmation Execution Date)	
Unit Contract Quantity (MW) for Capacity Attributes (excluding Flexible RA Attributes)	
Unit Contract Quantity (MW) for Flexible RA Attributes	
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment	
Run Hour Restrictions	

Appendix B [If applicable]

Form of Letter of Credit

LETTER OF CREDIT FORM

IRREVOCABLE STANDBY
LETTER OF CREDIT

Reference Number: _____

Transaction Date:

BENEFICIARY:

San Diego Gas & Electric Company

Ladies and Gentlemen:

_____ (the "Bank") hereby establishes this Irrevocable Standby Letter of Credit ("Letter of Credit") in favor of San Diego Gas & Electric Company, a California corporation (the "Beneficiary"), for the account of _____, a _____ corporation (the "Applicant"), for the amount of XXX AND XX/100 Dollars (\$ _____) (the "Available Amount"), effective immediately and expiring at 5:00 p.m., New York time, on the Expiration Date (as hereinafter defined).

This Letter of Credit shall be of no further force or effect upon the close of business on _____ or, if such day is not a Business Day (as hereinafter defined), on the next preceding Business Day, unless extended in accordance with the terms of this Letter of Credit. For the purposes hereof, "Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, New York.

Subject to the terms and conditions herein, funds under this Letter of Credit are available to the Beneficiary by presentation in compliance on or prior to 5:00 p.m. New York time, on or prior to the Expiration Date, of the following:

1. The original of this Letter of Credit and all amendments (or photocopy of the original for partial drawings); and
2. The Drawing Certificate issued in the form of Attachment A attached hereto and which forms an integral part hereof, duly completed and purportedly bearing the signature of an authorized representative of the Beneficiary.

Notwithstanding the foregoing, any drawing hereunder may be requested by transmitting the requisite documents as described above to the Bank by facsimile at _____ or such other number as specified from time to time by the Bank or by electronic signature. The facsimile or electronic signature transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal or electronic signature are deemed to be the operative instrument without the need of originally signed documents.

Partial drawing of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; *provided that*, the Available Amount shall be reduced by the amount of each such drawing.

This Letter of Credit is transferable in whole or in part.

Banking charges shall be the sole responsibility of the Applicant.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by regular and registered mail or courier service that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored except as described in the succeeding paragraph.

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30th day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment.

The Bank engages with the Beneficiary that Beneficiary's drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Bank on or before the Expiration Date.

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600 ("UCP"), EXCEPT TO THE EXTENT THAT THE TERMS HEREOF ARE INCONSISTENT WITH THE PROVISIONS OF THE UCP, INCLUDING BUT NOT LIMITED TO ARTICLES 14(8) AND 36 OF THE UCP, IN WHICH CASE THE TERMS OF THIS LETTER OF CREDIT SHALL GOVERN. MATTERS NOT COVERED BY THE UCP SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

AUTHORIZED SIGNATURE for Bank

By: _____

Title: _____

ATTACHMENT A TO APPENDIX B
DRAWING CERTIFICATE TO [ISSUING BANK NAME]
IRREVOCABLE STANDBY LETTER OF CREDIT

Reference Number. _____
(Sample Text)

DRAWING CERTIFICATE
Bank
Bank Address

Subject: Irrevocable Standby Letter of Credit
Reference Number: _____

The undersigned _____, an authorized representative of San Diego Gas & Electric Company (the "Beneficiary"), hereby certifies to [Issuing Bank Name] (the "Bank"), and _____ (the "Applicant"), with reference to Irrevocable Standby Letter of Credit No. _____, dated _____, (the "Letter of Credit"), issued by the Bank in favor of the Beneficiary, as follows as of the date hereof:

1. The Beneficiary is entitled to draw under the Letter of Credit an amount equal to \$ _____, for the following reason(s) [check applicable provision]:
 - [] A. An Event of Default, as defined in the [INSERT] Agreement between Beneficiary and Applicant (the "Agreement"), with respect to the Applicant has occurred and is continuing or an amount is due and unpaid to Beneficiary by Applicant.
 - [] B. The Letter of Credit will expire in fewer than sixty (60) days from the date hereof, and Applicant has not provided to Beneficiary alternate Performance Assurance (as defined in the Agreement) acceptable to Beneficiary.
2. Based upon the foregoing, the Beneficiary hereby makes demand under the Letter of Credit for payment of U.S. DOLLARS AND _____ /100ths (U.S.\$ _____), which amount does not exceed (i) the amount set forth in paragraph 1 above, and (ii) the Available Amount under the Letter of Credit as of the date hereof.
3. Funds paid pursuant to the provisions of the Letter of Credit shall be wire-transferred to the Beneficiary in accordance with the following instructions:

EXHIBIT C

**SDG&E DIRECT TESTIMONY OF KENDALL K. HELM (ELECTRIC
AND FUEL PROCUREMENT) (OCTOBER 2017) IN THE 2019 GRC
PROCEEDING (A.17-10-007)**

Exhibit D
2021 SDG&E ERRA Menvielle - Kendall K. Helm's 2019 GRC Testimony

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2019 General Rate Case
Application: A.17-10-_____
Exhibit: SDG&E-12

SAN DIEGO GAS AND ELECTRIC
DIRECT TESTIMONY OF KENDALL K. HELM
(ELECTRIC AND FUEL PROCUREMENT)

October 6, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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SUMMARY

ELECTRIC & FUEL PROCUREMENT (In 2016 \$)			
O&M			
	2016 Adjusted-Recorded (000's)	TY 2019 Estimated (000's)	Change (000's)
Total Non-Shared Services	7,962	8,641	679
Total Shared Services (Incurred)	0	0	0
Total O&M	7,962	8,641	679

Capital	2017 (\$000)	2018 (\$000)	2019 (\$000)
	\$0	\$0	\$0

Summary of Requests

- San Diego Gas & Electric Company (SDG&E) requests that the California Public Utilities Commission (CPUC) adopt its proposal for \$8.7 million of operations and maintenance (O&M) expenses for the function of procuring electricity for SDG&E's 3.6 million customers.
- SDG&E's focus is on aligning and repurposing labor responsibilities in Electric and Fuel Procurement (E&FP) to maintain the required expertise in order to sustain its mission of providing clean, safe, and reliable energy under an evolving technology and regulatory landscape. Accordingly, this request includes an approximate \$700,000 increase in O&M expenses relative to the 2016 adjusted recorded amounts primarily due to vacancies in 2016 that have to be filled and/or repurposed for E&FP to succeed at this mission. The \$8.7 million request is consistent with O&M expenses recorded in prior years.
- Going forward, a five-year historical average was used as the forecast methodology to develop the 2019 cost forecast because, while procurement roles and priorities are evolving, the overall responsibility to procure adequate supplies of power remains consistent over time.

- Also included in this testimony, SDG&E provides a description of the need for certain technology upgrades required to maintain its legal obligation to provide scheduling services within the California Independent System Operator (CAISO) market. The associated capital costs are requested in the Direct Testimony of Chris Olmsted, Chapter SDG&E-24.

1 **SDG&E DIRECT TESTIMONY OF KENDALL K. HELM**
2 **(ELECTRIC AND FUEL PROCUREMENT)**

3 **I. INTRODUCTION**

4 **A. Summary of Electric and Fuel Procurement Costs and Activities**

5 My testimony supports the Test Year (TY) 2019 forecasts for O&M costs for non-shared
6 services and the need for certain CAISO-related technology upgrades associated with the E&FP
7 function for SDG&E. Table KKH-1 summarizes my sponsored costs. The associated capital
8 costs for technology upgrades are included in the Direct Testimony of Chris Olmsted, Chapter
9 SDG&E-24.

10 **Table KKH-1**
11 **Summary of Total Costs**

ELECTRIC & FUEL PROCUREMENT (In 2016 \$)			
Categories of Management	2016 Adjusted- Recorded (000s)	TY 2019 Estimated (000s)	Change (000s)
A. Long Term Procurement	1,762	2,203	441
B. Trading & Scheduling	2,830	2,949	119
C. Mid and Back Office	3,370	3,489	119
Total Non-Shared Services	7,962	8,641	679

12 This testimony requests approval for approximately \$8.7 million of annual O&M costs
13 for E&FP to fulfill its responsibility for planning, procuring, managing, and administering the
14 energy supply resources needed for SDG&E to deliver clean, safe, and reliable electricity to its
15 approximate 3.6 million customers.¹ Since 2013, the value of these supply resources has
16 exceeded \$1.2 billion dollars on an annual basis, and in 2016, 43 percent of the electricity
17 supplied to customers was from renewable sources. E&FP meets customer demand by acquiring
18 both long-term and short-term resources, optimizing those resources in the wholesale energy and
19 ancillary services markets, prudently administering contracts, and accurately settling all energy
20 procurement transactions. To meet state policy goals and comply with legislative and regulatory
21 requirements, E&FP also develops comprehensive procurement strategies and tools to capture
22 the benefits of clean and evolving technologies, such as energy storage, demand response, and

¹ E&FP procures electricity for its bundled customer load, which represents the total demand from those customers that buy the commodity of electricity from SDG&E.

1 distributed energy resources. While costs for electricity supply are forecasted and recorded in
2 SDG&E's Energy Resource Recovery Account (ERRA), E&FP's O&M costs² are part of the
3 General Rate Case (GRC).

4 In addition to sponsoring my own organization's costs, my testimony supports the need
5 for technology upgrades to enable SDG&E to maintain its legal obligation to provide scheduling
6 services within the CAISO market. The associated capital costs are requested in the Direct
7 Testimony of Mr. Olmsted, (Ex. SDG&E-24).

8 **B. Summary of Costs Related to the Voluntary Retirement Enhancement**
9 **Program**

10 Sempra Energy (including SDG&E and SoCalGas) implemented a Voluntary Retirement
11 Enhancement Program (VREP) in 2016, designed to offer savings from operating efficiencies,
12 optimized business processes, and enhanced overall operations. Within E&FP, four people
13 elected to take this program. Across the department, E&FP leveraged existing expertise and
14 process improvements to enable repurposing of their labor responsibilities toward future
15 priorities. In addition, one position was associated with essential hourly resource management
16 activities and had to be backfilled.

17 **C. Organization of Testimony**

18 My testimony is organized as follows:

- 19 • Description of the activities, non-shared cost forecast and cost drivers for:
- 20 ○ Long-Term Procurement
 - 21 ○ Trading and Scheduling
 - 22 ○ Middle-Office and Back-Office
- 23 • Description of required technology upgrades for capital costs referenced by Mr.
24 Olmsted (Ex. SDG&E-24).
- 25 • Conclusion

² Exclusive of applicable software and subscription costs used exclusively for purposes of energy procurement-related requirements, which may be recovered through ERRA (for example, Tullett Prebon pricing subscriptions used exclusively for SRAC price indices).

II. NON-SHARED COSTS

“Non-Shared Services” are activities that are performed by a utility solely for its own benefit. Table KKH-2 summarizes E&FP’s total non-shared O&M forecasts for the listed cost categories.

**Table KKH-2
Non-Shared O&M Summary of Costs**

Labor	2016 Adjusted- Recorded (000s)	2017 Adjusted- Forecast (000s)	2018 Adjusted- Forecast (000s)	2019 Estimated (000s)
Long Term Procurement	1,663	1,955	1,955	1,955
Trading & Scheduling	2,263	2,333	2,333	2,333
Mid and Back Office	2,525	2,429	2,429	2,429
Total	6,451	6,717	6,717	6,717

Non-labor	2016 Adjusted- Recorded (000s)	2017 Adjusted- Forecast (000s)	2018 Adjusted- Forecast (000s)	2019 Estimated (000s)
Long Term Procurement	100	248	248	248
Trading & Scheduling	568	616	616	616
Mid and Back Office	844	1,060	1,060	1,060
Total	1512	1924	1924	1924

FTE	2016 Adjusted- Recorded (000s)	2017 Adjusted- Forecast (000s)	2018 Adjusted- Forecast (000s)	2019 Estimated (000s)
Long Term Procurement	12.6	14.7	14.7	14.7
Trading & Scheduling	19.5	20.4	20.4	20.4
Mid and Back Office	24.3	24.6	24.6	24.6
Total	56.5	59.8	59.8	59.8

1 **A. Long-Term Procurement**

2 Long-Term Procurement functions include the Vice President of Energy Supply and the
3 Origination and Portfolio Design (O&PD) department.

4 **1. Description of Costs and Underlying Activities**

5 The Vice President of Energy Supply provides direction and officer oversight for E&FP,
6 Electric Generation, and Resource Planning. This involves overseeing about 115 employees
7 across eight different departments including O&PD, Trading and Scheduling, and E&FP Back-
8 Office functions. Overall, the Vice President of Energy Supply is responsible for providing
9 strategic direction consistent with and complementary to SDG&E’s wider mission, developing
10 policies to strengthen and enhance energy supply functions and performance, and ensuring that
11 all energy procurement is conducted consistent with internal requirements, Commission rules
12 and decisions, and CAISO tariffs.

13 O&PD is responsible for soliciting energy supplies from independent producers and
14 utility-owned resources to meet SDG&E’s long-term energy and capacity requirements. For
15 supplies from independent producers, O&PD negotiates and executes Power Purchase
16 Agreements (PPAs). At the end of 2016, E&FP’s portfolio included 72 PPAs for 4,774
17 Megawatts (MW) of energy and capacity under contract terms ranging from 1 year to 30 years.³
18 The parties to these contracts include, among others, large independent power suppliers, Diverse
19 Business Enterprises, power marketers, and municipalities. Long-term resources include
20 demand response, solar, wind, biomass, small hydro, combined heat and power, conventional
21 generation, and energy storage.

22 To develop long-term procurement plans and implement legislative mandates, O&PD
23 regularly participates in regulatory proceedings and interfaces with numerous government
24 agencies, including the CPUC, the California Energy Commission, and the California Air
25 Resources Board. As an example, the Long-Term Procurement Plan (LTPP)⁴ is a reoccurring
26 two year CPUC proceeding that integrates all E&FP’s activities in carrying out the CPUC’s
27 preferred loading order for resource additions. Other proceedings where O&PD plays an active
28 role include those for the Renewable Portfolio Standard (RPS), the Integrated Distributed Energy

³ Figures include projects both in construction and operation and reflects data as of December 31, 2016.

⁴ SDG&E’s most recent LTPP (2014 LTPP, Advice Letter 2850-E-A) was approved by the CPUC via disposition letter and became effective February 19, 2016.

1 Resources Program, the Green Tariff Shared Renewables Program, and various other
2 procurement programs targeting energy storage, demand response, biogas, and small scale
3 renewables. O&PD also provides input into long-range resource planning models and regularly
4 administers data requests pertaining to E&FP's resource valuation approach and RPS position.

5 Consistent with approved procurement plans, O&PD then acquires energy resources
6 according to the rules established by the CPUC through competitive solicitations and bilateral
7 negotiations. Competitive solicitations are conducted by issuing a Request for Offers (RFO) to
8 potential parties, developing a valuation model and methodology, evaluating bids submitted, and
9 selecting the most cost-effective resources to meet the RFO objectives. Common to all RFOs,
10 O&PD requests and reviews information on affordability, as well as the presence of safety plans
11 and standards and reliability performance guarantees. Bilateral negotiations are conducted when
12 opportunities and circumstances for acquiring the optimal resources at the optimal time are both
13 unique and fleeting.⁵ To conduct procurement of utility-owned resources, O&PD follows a
14 strict code of conduct that governs communications and defines roles within and outside the
15 team.⁶ For all forms of long-term procurement, O&PD works with an approved Independent
16 Evaluator.

17 Following the activities directly related to a solicitation, O&PD then negotiates with
18 independent suppliers who have winning bids to execute a final contract. Bid evaluation, bid
19 selection, and contract negotiation practices and principles for RFOs are largely similar to those
20 for bilateral negotiations and all PPAs executed by O&PD must be approved by the CPUC as
21 falling within the authorized need identified in the LTPP, RPS procurement plan, and/or other
22 state or CPUC-mandated procurement program. Of note, O&PD must also develop PPA
23 language for new product types that have not been solicited before. For example, in 2016,
24 O&PD had to develop a PPA for demand response products that were bid into an all-source
25 solicitation and, in 2017, O&PD is developing a PPA for distributed resources that will be
26 required to offset traditional distribution system investments.

27 Once PPAs have been executed and approved by the Commission, O&PD is responsible
28 for oversight and contract administration of a project through construction and development.
29 These responsibilities include exercising contractual options in a prudent manner, verifying that

⁵ SDG&E 2014 Long Term Procurement Plan at 32-33, Advice Letter 2850-E-A.

⁶ Decision (D.) 07-12-052 at 206.

1 conditions precedent to the agreement have been satisfied, monitoring project designs, schedules,
2 and milestones so that the project being constructed meets the stated performance in the contract,
3 and coordinating internal SDG&E functions necessary to meet all the terms and conditions of the
4 agreement. Once a project is in operation, contract administration activities are conducted by
5 E&FP's Back-Office functions. However, at all times, O&PD assists with renegotiating contract
6 provisions as necessary due to changed circumstances or conditions and resolving disputes as
7 required.

8 Throughout the process, O&PD, together with the other E&FP departments, meets
9 monthly with its Procurement Review Group (PRG) to address a variety of SDG&E procurement
10 issues and transactions. The PRG consists of "non-market participants" who sign non-disclosure
11 agreements, and includes the CPUC Energy Division, the Office of Ratepayer Advocates, and
12 The Utility Reform Network, among others. The PRG's purpose is to review and assess the
13 details of an Investor Owned Utility's overall procurement strategy and specific proposed
14 procurement contracts and processes prior to submitting filings to the CPUC.⁷

15 To support the company's goals of becoming the cleanest, safest, most reliable energy
16 company in America, Long-Term Procurement seeks to create an optimal energy resource
17 portfolio to meet both state policy objectives and customer interests, while supplying safe and
18 reliable electricity to the grid. Consistent with this mission, SDG&E provided our customers
19 with 43 percent renewable energy in 2016 and added the world's largest lithium-ion energy
20 storage project to our portfolio.

21 **2. Forecast Method**

22 The forecast method developed for this cost category is a five-year historical average.
23 This is most appropriate because, while work priorities can vary from year to year, Long-Term
24 Procurement responsibilities in their entirety remain intact. As described in more detail below,
25 activities associated with monitoring contracts in development have been reduced. However,
26 activities associated with the procurement regulatory landscape and for valuing and negotiating
27 contracts for new resource types has become much more complex. As a result, vacancies in
28 2016 must be backfilled and repurposed to meet these changing needs. Using a five-year cost
29 average allows E&FP to reflect evolving Long-Term Procurement priorities and yields a

⁷ D.02-08-071 at 25.

1 TY 2019 forecast that includes labor costs of \$1,955,000 and non-labor costs of \$248,000, with
2 14.7 full-time equivalent employees (FTEs).

3 **3. Cost Drivers**

4 Cost drivers behind this forecast are related to changes in the electric procurement
5 environment. While annual procurement levels vary, activities requiring Long-Term
6 procurement expertise are growing in number and complexity as California moves to a 50
7 percent RPS goal by 2030 and the CPUC moves toward an integrated resource planning process.
8 Currently, E&FP must comply with between 10 to 15 different procurement mandates. At the
9 same time, the CPUC is seeking in depth data and analysis from SDG&E regarding wholesale
10 changes to the way electric procurement is conducted in the state, including discussion of full
11 retail choice. In addition to regulatory responsibilities, the solicitation process is becoming more
12 varied and complex. Least-cost best-fit valuation methodologies are evolving, transparency rules
13 are being evaluated, and O&PD must assess the role of factors that are difficult to measure, such
14 as societal costs and benefits. In addition, O&PD is charged with designing and implementing
15 an RFO process and PPAs for new product types that support maturation of developing
16 technologies in the marketplace while ensuring risks are mitigated and customers receive a
17 reliable product. Perhaps the most challenging among these activities is the need to develop and
18 implement a PPA for a third-party distributed resource that will displace traditional distribution
19 system investments and guarantee the same level of performance to prevent outages. Along with
20 energy efficiency and demand response, energy storage and distributed resources entail new and
21 different operational issues and risks that must be identified and mitigated by expert negotiators
22 to protect bundled customers' interests. Optimizing E&FP's long-term portfolio is a valued
23 service provided to customers and Long-Term Procurement's cost forecast is designed to
24 maintain SDG&E's required expertise.

25 **B. Trading and Scheduling**

26 Trading and Scheduling refers to activities conducted by the Energy Supply & Dispatch
27 (ES&D) department, which includes Electric Procurement & Trading, Market Analysis, Electric
28 Fuels, and Market Operations.

29 **1. Description of Costs and Underlying Activities**

30 The ES&D department optimizes SDG&E's generation and contracted resources within
31 the CAISO markets to serve bundled customers in a least-cost dispatch manner and consistent

1 with Commission-approved procurement plans. In 2016, ES&D managed electric supply
2 resources to meet a peak load of over 64,000 megawatt hours. To support these activities, ES&D
3 personnel have advanced and specific CAISO market expertise and leverage several information
4 management systems across functions, including Power Costs System Inc. (PCI), YES Energy,
5 and Morningstar.

6 Within ES&D, Electric Procurement & Trading performs short-term planning,
7 procurement, and trading functions for transactions inside of a five-year time horizon. Planning
8 activities include developing short-term forecasting methodologies, performing short-term power
9 planning studies and regulatory analysis, and assessing changes in tariffs and regulations
10 governing least-cost dispatch of electric and gas portfolios. Electric Procurement & Trading is
11 also responsible for all short-term electricity transactions related to dispatchable generation,
12 including executing all trades, purchases, hedges and sales to manage the electricity supply
13 portfolio consistent with SDG&E's LTPP.⁸ In addition, Electric Procurement & Trading is
14 responsible for procuring gas needed for dispatchable generation and for performing gas
15 scheduling on the electronic bulletin boards of the interstate and intrastate pipelines it uses to
16 deliver fuel to its gas-fired resources, including SDG&E-owned resources and contracts for
17 tolling resources.

18 Market Analysis performs day-ahead demand forecasting, conducts analysis of daily
19 portfolio performance, conducts generation outage planning, and seeks to optimize ES&D's
20 scheduling and bidding strategies. Market Analysis must also comply with various reporting
21 requirements related to its least-cost dispatch operations, including the ERRR Compliance
22 regulatory filing and the CPUC quarterly compliance report. Market Analysis is further
23 responsible for SDG&E's greenhouse gas (GHG) compliance activities. To meet GHG
24 compliance requirements, Market Analysis develops and implements policies for procuring GHG
25 allowances and offsets in compliance with the limits established in the LTPP and conducts
26 necessary reporting related to those activities.

27 Electric Fuels oversees the scheduling and dispatch functions. Electric Fuels staffs a
28 Real-Time desk to perform these functions 24 hours a day and has responsibility for scheduling

⁸ Hedging is a risk management strategy used to limit the probability of loss from fluctuations in the prices of commodities. Generally, this involves taking market positions that maintain the price risk exposure associated with E&FP's portfolio within the customer risk tolerance limits set by the CPUC. Limits are set in the LTPP.

1 resources into the CAISO's day-ahead, hour-ahead, and 15-minute markets. In addition to
2 scheduling SDG&E's own generating capacity, Electric Fuels schedules and dispatches most
3 resources contracted under E&FP's 73 PPAs and serves as the point of contact for daily
4 operational administration of those resources. Electric Fuels is responsible for complying with
5 CAISO dispatch instructions in accordance with Federal Energy Regulatory Commission
6 (FERC) approved tariffs and protocols and for ensuring all scheduling and market dispatch
7 functions comply with all rules and regulations.

8 Market Operations manages compliance with annual and monthly Resource Adequacy
9 (RA) requirements, including purchases of short-term resources as needed. To fulfill this
10 responsibility, Market Operations supports RA solicitations, prepares system and local RA
11 filings at the CPUC, and demonstrates that they have procured sufficient capacity resources,
12 including reserves, needed to serve aggregate monthly system load. Market Operations also
13 participates in CAISO-related meetings and working groups to monitor changes at the CAISO
14 and to anticipate associated impacts on SDG&E's operations and portfolio costs.

15 Through effective and efficient management of the daily and short-term electricity needs
16 of customers, ES&D plays a central role in contributing to SDG&E's clean, safe, and reliable
17 energy goals. ES&D provides this essential service 24 hours a day, seven days a week and is the
18 first point of contact for all resources procured on customers' behalf.

19 **2. Forecast Method**

20 The forecast method developed for this cost category is a five-year historical average.
21 This is most appropriate because, while ES&D costs vary from year to year with short-term
22 vacancies and periodic system investments, overall responsibilities remain consistent over time.
23 For example, between 2012 and 2016, E&SD costs exceeded \$3 million in both 2012 and 2014
24 due in part to costs associated with periodic maintenance of data systems used for daily resources
25 scheduling. In 2013 and 2016, however, ES&D costs were below average due in part to
26 temporary vacancies. Using a five-year average reduces variability between years and is
27 consistent with the forecast methodology chosen for the other cost categories in my testimony
28 and throughout most of this GRC application. Using this approach, ES&D's 2019 forecast
29 includes labor costs of \$2,333,000 and non-labor costs of \$616,000, with 20.4 FTEs.

1 **3. Cost Drivers**

2 ES&D must on a daily basis buy all the electricity it needs from the CAISO markets to
3 serve SDG&E’s 3.6 million customers and sell all SDG&E-owned generation and all SDG&E
4 contracted resources to the CAISO markets to offset E&FP’s energy procurement expenses.
5 This daily procurement process of buying and selling electricity must be done per Least-Cost
6 Dispatch requirements set forth by the CPUC and consists of complex energy transactions with
7 large dollar values. ES&D has already leveraged its existing expertise and procurement systems
8 to absorb the increased scheduling activities associated with the two new conventional resources
9 added in 2012 and the approximately 32 renewable generation resources that have come on line
10 since 2012. In 2017, ES&D also began absorbing additional scheduling activities associated
11 with 37.5 MW of energy storage that was added to the portfolio and is developing further
12 expertise to reliably manage a portfolio with rising levels of rooftop solar. Looking ahead, the
13 scope, complexity, and importance of E&SD’s work will continue to require skilled and
14 competent personnel, accurate and efficient information management systems, and regular
15 training.

16 **C. Middle-Office and Back-Office**

17 Middle-Office and Back-Office functions include the Energy Risk Management (Energy
18 Risk) department and the Settlements and Systems (S&S) department.

19 **1. Description of Costs and Underlying Activities**

20 The Energy Risk department is responsible for all Middle-Office functions, including
21 identifying, managing, monitoring, and reporting on market, credit, financial and operational
22 risks associated with E&FP functions. Energy Risk conducts daily reviews of E&FP’s physical
23 and financial positions, including trader authority limits, counterparty credit risk positions, and
24 compliance with financial liquidity and margin requirements. To comply with Commission-
25 approved risk metrics⁹ and internal policies, Energy Risk reviews daily market pricing data,
26 forward price curves, volatilities, and correlations used for the evaluation and measurement of
27 portfolio risk. On an ongoing basis, Energy Risk performs hedging portfolio analysis and
28 supports ES&D in the development of procurement and hedge plans, consistent with the
29 Commission approved LTPP, and monitors ES&D’s compliance with approved plans.

⁹ D.12-01-033 and D.15-10-031.

1 Energy Risk develops, maintains and supports all trading and risk management models
2 and applications, including modeling new technologies and facilities, enforcement of operational
3 risk controls related to the execution, recording, and valuation of trades. Energy Risk is
4 responsible for compliance with Dodd-Frank requirements, Sarbanes-Oxley (SOX) 404
5 compliance, and FERC-required reporting of fixed price transactions to index publishers.

6 Energy Risk also assesses credit exposure for various contracts and transactions,
7 including long-term PPAs, RA transactions, contract amendments, etc. The group works with
8 O&PD in determining credit terms and conditions to protect customer as well as company
9 interests.

10 S&S is responsible for Back-Office financial and accounting activities required to
11 reconcile all energy contracts for E&FP's power procurement, verify CAISO charges and
12 support the primary operational systems (PCI, Allegro and Versify)¹⁰ used in E&FP's operations.
13 In the reconciliation process, S&S validates that all contract and market payments and receipts
14 are in accordance with the terms of the contract or tariff provisions associated with the
15 underlying transactions. This process requires annually verifying and processing over 2,100
16 invoices and billing requests, filing disputes of questionable charges when appropriate, and
17 preparing journal entries for recording expenses and revenues. S&S is also responsible for
18 financial accounting and payment of the commodity, transportation, hedging, and other related
19 transactions associated with the gas burned at the five SDG&E-owned power plants with E&FP
20 tolling agreements.¹¹

21 In addition, S&S must review daily CAISO charges and invoices for accuracy and will
22 enter into disputes with the CAISO as required to correct billing discrepancies. S&S provides
23 guidance and expertise in technical analyses for Market Operations and Origination and Portfolio
24 Design using the CAISO meter data, and tariff and power contract data to support regulatory and
25 legislative policy positions. To support the development of procurement policies and targets,
26 S&S responds to data requests from multiple regulatory agencies, including the CPUC and
27 FERC relating to procurement trends.

¹⁰ These systems are primarily used to schedule and bid power to the CAISO, record gas and power transactions, and manage RA.

¹¹ Miramar Energy Facility I, Miramar Energy Facility II, Palomar Energy Center, Cuyamaca Peak Energy Center and Desert Star Energy Center are further described in Daniel Baerman's Electric Generation & SONGS testimony (Exhibit SDG&E-16).

1 Other S&S responsibilities include the aggregation, tracking, and reporting of energy
2 procurement data, including meter data to regulatory agencies and the CAISO, reviewing,
3 testing, and commenting on proposed CAISO changes to the reconciliation process, and
4 preparing FERC Form 1 sections related to purchased power and sales for resale.¹² S&S is
5 responsible for the energy supply costs for the ERRRA compliance and General Rate Case
6 proceedings and providing corresponding testimony and responses to data requests from
7 regulatory agencies, including the Office of Ratepayer Advocates (ORA) and the CPUC Energy
8 Division.

9 S&S contract administrators are responsible for the 67 operating PPAs within E&FP's
10 portfolio.¹³ Contract administration activities include daily interactions with counterparties,
11 coordinating and resolving disputes, monitoring counterparties safety plans, invoice
12 verifications, contract interpretations and serving as points of contact. Contract administrators
13 work to manage proper distribution of settlement payments and charges and, when discrepancies
14 are found, the two functions work together to resolve them. Contract administrators also monitor
15 and verify various contract terms, including scheduled maintenance, curtailments, insurance and
16 efficiency monitoring. Through 2016, contract administrators, in conjunction with other E&FP
17 teams had already secured an estimated \$6.5 million in customer savings from implementation of
18 economic curtailment amendments to renewable contracts and expects these savings to grow
19 over time. Within E&FP, contract administrators also develop and maintain functional and
20 process flow diagrams for energy procurement, support process improvement initiatives, and
21 develop and document business requirements and processes for quality control.

22 S&S is further responsible for administration of vendor contracts associated with
23 software subscriptions and key software systems, including PCI, Allegro, and Versify, which
24 E&FP uses to record gas and power transactions, manage RA and to schedule and bid power to
25 the CAISO. S&S works closely with internal Information Technology personnel and external
26 contractors to manage the implementation of system upgrades and enhancements providing
27 overall leadership, strategic planning, guidance, and management to meet objectives, milestones,
28 and budgets associated with capital projects and system changes to support E&FP department
29 functions.

¹² CAISO changes may require E&FP to intervene at FERC as well.

¹³ Figure excludes projects in construction and reflects data as of December 31, 2016.

1 Together, the Middle-Office and Back-Office functions within E&FP mitigates risks to
2 SDG&E's customers so that customers incur correct costs and receive correct revenues from the
3 bidding, purchase, and sale of energy and ancillary services into the CAISO markets. The
4 prudent provision of these functions protects the clean, safe and reliable energy portfolio E&FP
5 uses to meet company goals, state mandates, and customer interests.

6 **2. Forecast Method**

7 The forecast method developed for this cost category is a five-year historical average.
8 This is most appropriate because the five-year average is indicative of how we expect Middle-
9 Office and Back-Office functions to operate going forward. The five-year average reflects a
10 small decrease in labor costs that accords with streamlining efforts. Non-labor costs have varied
11 in recent years from over \$1.2 million in 2014 to approximately \$850,000 in 2016. Because
12 S&S may change from year to year on how it manages software subscriptions and leverages
13 technology systems and new offerings to support E&FP operations, reporting, and compliance, a
14 five-year average reduces the associated variability. Using this approach, the TY 2019 forecast
15 for Middle and Back Office includes labor costs of \$2,429,000 and non-labor costs of \$1,060,000
16 with 24.6 FTEs.

17 **3. Cost Drivers**

18 Energy Risk identifies, manages, monitors, and reports on market, credit, financial and
19 operational risks associated with a hedging portfolio of over \$1 billion,¹⁴ and assesses credit and
20 market risks associated with existing and future long-term and short-term transactions. Due to
21 the technical nature of the tasks, Energy Risk requires highly educated and specially trained staff
22 and sophisticated systems to conduct quantitative analysis. Similar to other departments within
23 E&FP, Energy Risk has already leveraged existing resources to tackle additional modeling and
24 risks associated with new technologies and new market products. The functions performed by
25 Energy Risk are critical to protect the interests of the company and its customers.

26 S&S annually validates and processes over \$1.3 billion in annual transactions related to
27 electricity procurement. The S&S function process requires the collection, validation, and
28 analysis of large amounts of price, quantity and operational data. Given the large amount of data
29 involved and the complexity of the underlying transactions, S&S relies on experienced staff,

¹⁴ SDG&E's hedging portfolio is composed of fixed price power contracts and financial natural gas hedges.

1 advanced computer systems and vendor software solutions to accurately complete the overall
2 settlement process.

3 Similar to ES&D, S&S has already leveraged existing labor and non-labor resources to
4 absorb the increased settlement activities associated with the two new conventional resources
5 added in 2012 and the approximately 32 renewable generation resources that have come on line
6 since 2012. Looking ahead, S&S will need to manage settlement activities associated with
7 additional resources, including new energy storage projects, as well as numerous additional
8 economic curtailment amendments and must ensure it continues to have the capacity to perform
9 its functions successfully.

10 **III. SUPPORT FOR IT CAPITAL COSTS**

11 **A. Introduction**

12 To support E&FP activities, SDG&E is seeking capital costs for certain technology
13 upgrades required to maintain its obligation¹⁵ to provide scheduling services within the CAISO
14 market. The associated capital costs are requested in the Direct Testimony of Mr. Olmsted (Ex.
15 SDG&E-24). A description of the needed upgrades is provided below.

16 **B. 2016 CAISO Mandates**

17 These forecasted capital expenditures support the company's goals of remaining a
18 CAISO Scheduling Coordinator (SC), complying with CAISO mandated changes, achieving
19 operational efficiencies, and ensuring that current software capital assets are kept under
20 maintenance levels and fully supported. The CAISO publishes a roadmap of planned initiatives
21 which are implemented and released twice a year, with which SDG&E must comply to remain a
22 SC.¹⁶ The 2016 initiatives will require new software modules and configuration changes in
23 several major software applications utilized to meet these requirements, including: PCI, which is
24 an E&FP system for communication with the CAISO for bidding and scheduling; and Versify,
25 which is an E&FP RA planning, operations, and analytics system. Noncompliance with these
26 required updates would cause SDG&E to lose its ability to be an SC and could also result in

¹⁵ The majority of SDG&E's contracts require SDG&E to provide scheduling services for the generator counterparties.

¹⁶ Scope of 2016 CAISO initiatives: Capacity Procurement Mechanism Replacement; Commitment Cost Enhancements; Post Implementation Open Metering System (OMS) Enhancements; Flexible Ramping Product; Contingency Modeling Enhancements; and Participating Intermittent Resource Program (PIRP) Decommissioning.

1 potential fines and disallowances in ERRA proceedings. It is imperative that E&FP comply with
2 CAISO requirements by making the necessary updates to its PCI, Allegro, and Versify systems.

3 **C. Allegro Technology Upgrade**

4 These forecasted capital expenditures support the company's goals of complying with
5 SOX requirements, maintaining up-to-date systems, enhancing forecast accuracy, and ensuring
6 compatibility between software systems used within E&FP. Allegro is a SOX compliance
7 system primarily used for regulatory reporting,¹⁷ accounting, commodity trading management,
8 and portfolio valuation. It has been used for the Energy Trading Risk Management (ETRM)
9 functions within E&FP since 2007.

10 In 2014 Allegro Development Corp. began implementing a major product technology
11 revamp, called "Allegro Horizon Technology," to incorporate current technology trends. This
12 new platform builds on and supports ETRM features that impact the data models, business
13 processes and functions, and extensions SDG&E has built up over time to support E&FP's
14 unique applications and reporting requirements. It also addresses some long-standing
15 enhancement requests and resolves issues identified by the E&FP and IT teams. The new system
16 will not only improve forecasting and compliance capabilities, but will create efficiencies and
17 allow labor to be re-directed to other tasks.¹⁸ The benefits of these new capabilities cannot be
18 realized without an upgrade to the "Allegro Horizon Technology" version, as Allegro no longer
19 supports functional changes or enhancements to existing software currently used by SDG&E.
20 Allegro performs a critical function at SDG&E by allowing E&FP accounting to interface
21 directly with SAP, and it is crucial that E&FP implement the new Allegro version to maintain
22 efficiencies and to comply with regulatory and market changes.

23 **D. 2017 CAISO Mandates**

24 These forecasted capital expenditures support the company's goals of enhancing accuracy
25 to reduce time spent on manual processes, to reduce the risk of fines, to comply with company
26 information and technology (IT) standards, and to streamline the validation and updating of
27 electric rate characteristics for Transitional Bundled Service pricing. The CAISO has updated its

¹⁷ The Federal Energy Regulatory Commission, CPUC, Commodity Futures Trading Commission, and Securities & Exchange Commission all receive reports that include data from Allegro.

¹⁸ For example, calculating gas losses will allow \$10,000 of unloaded labor costs per year to be reallocated, and the new regulatory reporting capability will allow \$12,000 of unloaded labor costs per year (unloaded) to be reallocated.

1 Operation Meter Analysis & Reporting (OMAR) system, which necessitates a replacement of
2 E&FP's current Electricity Scheduling & Settlement Application (ESSA) product, as it not
3 compatible with the proposed CAISO changes and is no longer supported by SDG&E
4 Information Technology operations personnel. The new Meter Data Processing System (MDPS)
5 will automate current manual operations, compile and submit settlement-quality meter data to the
6 CAISO's new Meter Reporting Interface – Settlement (MRI-S), and provide an opportunity to
7 utilize CAISO actual data for department analytics and reporting to support efficiency and
8 accuracy in E&FP's operations. Without the implementation of MDPS, SDG&E will not be able
9 to meet its meter data reporting requirements as per CAISO Tariff Section 37.5.2.¹⁹

10 **E. 2018 CAISO Mandates**

11 These forecasted capital expenditures support company goals similar to those described
12 above under 2016 CAISO Mandates – remaining a CAISO SC, complying with CAISO
13 mandated changes and CPUC requirements, achieving market and operational efficiencies, and
14 ensuring that current software capital assets are kept under maintenance levels and fully
15 supported. Compliance with the 2018 CAISO Mandates will require further new and updated
16 software components and configuration changes to PCI, Versify, and the Automated Dispatch
17 System. Projects to comply with the 2018 CAISO initiatives require meeting the CAISO
18 published schedule timeline and the use of IT Project Management Office, Vendor, and E&FP
19 resources. The CAISO implementation methodology utilizes a project based approach, and
20 E&FP must plan for market simulation testing several months in advance of the completion date
21 to ensure readiness and account for delays caused by meeting the dependencies from all CAISO
22 stakeholders and decision makers. As explained above, it is imperative that E&FP comply with
23 CAISO requirements by making the necessary updates to its PCI, Allegro, and Versify systems.

24 **IV. CONCLUSION**

25 The E&FP functions that SDG&E will continue to undertake in 2019, as the above
26 testimony demonstrates, exist to ensure clean, safe, and reliable energy is available to serve
27 SDG&E's customers. Associated O&M responsibilities require expertise and advanced
28 technology systems, that are broadly consistent with prior year costs. As such, SDG&E requests
29 that the Commission adopt its proposal for \$8.7 million of O&M expenses in TY 2019 for E&FP

¹⁹ Scheduling Coordinator Metered Entities must provide CAISO with complete and accurate Meter Data, subject to penalties and sanctions.

1 in order to allow SDG&E to meet all of its electric commodity procurement responsibilities
2 through the 2019-2021 rate case cycle.

3 This concludes my prepared direct testimony.

1 **V. WITNESS QUALIFICATIONS**

2 My name is Kendall K. Helm, and since June 2016 I have been the Director of
3 Origination and Portfolio Optimization in the Energy Procurement department at San Diego Gas
4 & Electric. My business address is 8315 Century Park Court, San Diego, California 92123.

5 In my current job, I oversee the procurement of all long-term energy resources. My
6 responsibilities include overseeing the procurement process and managing the review of bids
7 received within solicitations, including the Track IV Decision, Demand Response Auction
8 Mechanism, Resource Adequacy, Renewable Auction Mechanism and Green Tariff Shared
9 Renewables.

10 I have been with the Sempra Energy family of companies since 2012. Prior to taking my
11 current position at SDG&E, I was the Director of Investor Relations at Sempra Energy. I have
12 also worked as Manager of Corporate Economics for Sempra Energy, where I provided research
13 on the company's valuation, capital structure and corporate strategy. Prior to joining the Sempra
14 Energy companies, I was Senior Economist for International Affairs and Trade at the U.S.
15 Government Accountability Office, where I reported to Congress on topics relating to climate
16 change, energy export promotion, and international competitiveness.

17 I received a bachelor's degree in economics and international studies from the University
18 of Denver and a Ph.D. in economics from American University.

19 I have not previously testified before the California Public Utilities Commission.

List of Acronyms

SDG&E	San Diego Gas & Electric Company
CPUC	California Public Utilities Commission
O&M	Operations and Maintenance
E&EP	Electric and Fuel Procurement
CAISO	California Independent System Operator
TY	Test Year
ERRA	Energy Resource Recovery Account
GRC	General Rate Case
VREP	Voluntary Retirement Enhancement Program
O&PD	Origination and Portfolio Design
PPA	Power Purchase Agreements
MW	Megawatts
LTPP	Long-Term Procurement Plan
RPS	Renewable Portfolio Standard
RFO	Request for Offers
D.	Decision
PRG	Procurement Review Group
FTE	Full-Time Equivalent
ES&D	Energy Supply & Dispatch
PCI	Power Costs System Inc.
GHG	Greenhouse Gas
FERC	Federal Energy Regulatory Commission
RA	Resource Adequacy
S&S	Settlements and Systems
SOX	Sarbanes-Oxley
SONGS	San Onofre Nuclear Generating Station
ORA	Office of Ratepayer Advocates
SC	Scheduling Coordinator
OMS	Open Metering System
PIRP	Participating Intermittent Resource Program
ETRM	Energy Trading Risk Management
IT	Information Technology
OMAR	Operation Meter Analysis & Reporting
ESSA	Electricity Scheduling & Settlement Application
MDPS	Meter Data Processing System
MRI-S	Meter Reporting Interface – Settlement

ATTACHMENT 1

CONFIDENTIAL

Status as of:
December 31, 2023

Commercial Operations	TOTAL PPA'S		
Contract Summary	Number	MW	MWH
QF/CHP	6	137.1	230,144
Renewable	41	2,517.1	6,767,451
Tolling	6	1,094.4	478,744
Energy Storage	3	154.0	127,796
WSPP/EEI	23	24.0	(4,286,017.0)
Total	79	3,926.6	3,318,118

Commercial Operations	TOTAL PPA'S		
Technology Type	Number	MW	MWH
Bio-Mass	1	24.0	210,822.8
Conduit-Hydro	4	2.9	3,514.2
Energy Storage - Pumped Hydro	1	40.0	(5,292.1)
Energy Storage - Battery	3	154.0	127,796.2
Hybrid - Energy Storage + Solar PV	1	10.0	3,526.8
Landfill Gas	3	5.3	36,578.6
Market	23	24.0	(4,286,017.0)
Natural Gas	9	1,190.6	713,991.5
Solar PV	23	1,346.1	3,375,206.8
Wind	11	1,129.8	3,137,990.5
Total	79	3,926.6	3,318,118

Pre-Operational	TOTAL PPA'S		
Contract Summary	Number	MW	MWH
QF/CHP	1	17.4	0
Renewable	2	163.5	0
Tolling	0	0.0	0
Energy Storage	5	400.5	0
WSPP/EEI	0	0	0
Total	8	581.4	0

Pre-Operational	TOTAL PPA'S		
Technology Type	Number	MW	MWH
Bio-Mass	0	0.0	0
Conduit-Hydro	0	0.0	0
Energy Storage - Pumped Hydro	0	0.0	0
Energy Storage - Battery	4	287.0	0
Hybrid - Energy Storage + Solar PV	4	294.4	0
Landfill Gas	0	0.0	0
Market	0	0.0	0
Natural Gas	0	0.0	0
Solar PV	0	0.0	0
Wind	0	0.0	0
Total	8	581.4	0

Expired/Terminated	TOTAL PPA'S		
Contract Summary	Number	MW	MWH
QF/CHP	0	0.0	0.0
Renewable	2	111.0	235,004.6
Tolling	0	0.0	0.0
Energy Storage	0	0.0	0.0
WSPP/EEI	0	0.0	0.0
Total	2	111.0	235,005

Expired/Terminated	TOTAL PPA'S		
Technology Type	Number	MW	MWH
Bio-Mass	0	0.0	0.0
Conduit-Hydro	0	0.0	0.0
Energy Storage - Pumped Hydro	0	0.0	0.0
Energy Storage - Battery	0	0.0	0.0
Hybrid - Energy Storage + Solar PV	0	0.0	0.0
Landfill Gas	1	4.5	8,324.6
Market	0	0.0	0.0
Natural Gas	0	0.0	0.0
Solar PV	0	0.0	0.0
Wind	1	106.5	226,680.0
Total	2	111.0	235,005

Contains confidential/privileged pursuant to applicable provisions of D.06-06-066, D.08-04-023, G.O. 66-C and PUC Code Sec. 583 and Sec. 454.5(g)

OPERATIONAL - LONG-TERM RESOURCE ADEQUACY (1 YEAR OR MORE)

Project Name	Technology	Product	Contract MW	Execution Date	Year Executed	Delivery Period (Years)	CPUC Authorization	Capacity Price	Contract Status @ year end	CAISO Resource ID	Cost Recovery Mechanism	Notes
City Mesa Energy Center	Natural Gas	Resource Adequacy	RAR/Local 603.6 MW; Flex RAR (Cat 1) 8.6 MW	10/2 /2018	2018		CPUC Resolution E- 981		Active	OTMESA_2_FL1X3	PABA	
Sonoma Clean Power Authority	Biomass	Resource Adequacy	RA 2 MW	10/07/2019	2019		Resolution E-518		Active	LASSEN_6_UNITS	TMNBCBA	
Vista Energy Storage, LLC	Lithium Ion Battery Storage	Resource Adequacy	10MW	08/31/2020	2020		Resolution E-511		Active	VSTAES_6_VESBT1	MCAM	
Valley Center Storage, LLC	Battery: Lithium Ion	Resource Adequacy	RA 50 MW	08/31/2020	2020		Resolution E-511		Active	VLCNTR_6_VCEBT2	MCAM	
Shell Energy North America (US), L.P. (Set)	Natural Gas	Resource Adequacy	RA 100 MW	10/28/2020	2020		Part of multiyear RA so litigation; did not require separate filing for Commission approval		Active	OTMESA_2_FL1X3	PABA	
San Diego Community Power (Set)	Natural Gas	Resource Adequacy	RA 225 MW	10/28/2020	2020		Part of multiyear RA so litigation; did not require separate filing for Commission approval		Active	OTMESA_2_FL1X3	PABA	
Clean Energy Alliance (Set)	Natural Gas	Resource Adequacy	RA 35 MW & 58 MW	10/28/2020	2020		Part of multiyear RA so litigation; did not require separate filing for Commission approval		Active	OTMESA_2_FL1X3	PABA	
Sentinel Energy Center, LLC	Natural Gas	Resource Adequacy	RA 7 MW	02/12/2021	2021		ADVICE LETTER 3689-E		Active	SENTNL_2_CTG1 - SENTNL_2_CTG6	20 MW is MCAM & 27 MW is LGBA/CAM	
San Diego Community Power	Natural Gas	Resource Adequacy	Varies	10/25/2021	2021		Did not require separate filing for Commission approval		Active	OTMESA_2_FL1X3	PABA	
Ortega Grid LLC	Battery: Lithium Ion	Resource Adequacy	RA 10 MW	12/0 /2020	2020		Resolution E-513 with Ter 3 Advice Letter 026-E		Secured	VALLEY_6_ORBT1	MCAM	
East Bay Community Energy Authority	Natural Gas	Resource Adequacy	Varies	10/28/2021	2021		Part of multiyear RA so litigation; did not require separate filing for Commission approval		Active	MROHNT_2_FL1X3	PABA (GL5520281)	
Edwards-Sanborn (22)	Energy Storage Solar PV	Resource Adequacy	25	05/12/2022	2022		Advice Letter 01 E		Active	EDWARD_2_E218B1 SANBRN_2_ES18T3 EDWARD_2_ES28T3 SANBRN_2_ES28B3 EDWARD_2_E238B1	MCAM	
Gateway	Energy Storage	Resource Adequacy	10	05/25/2022	2022		Advice Letter 01 E		Active	GATEWY_2_GESBT1	MCAM	

Edwards-Sanborn (23)	Energy Storage Solar PV	Resource Adequacy	20	10/25/2022	2022		Device Letter : Resolution E-52 1		Active	EDWARD_2_E21SB1 SANBRN_2_ES1BT3 EDWARD_2_ES2BT3 SANBRN_2_ES2SB3 EDWARD_2_E23SB1 SANBRN_2_SS2SB EDWARD_2_ES5SB1 EDWARD_2_ES5SB2	PCIA/ PABA (vintage 2021)	
San Diego Community Power	Natural Gas Lithium-Ion Energy Storage	Resource Adequacy	60	07/08/2022	2022		Device Letter E		Active	SENTNL_2_CTO 1 through SENTNL_2_CTO 8 VSTAES_6_VESBT1 VLCNTR_6_VCEBT1 VLCNTR_6_VCEBT2 KEARNY_6_NESBT1, KEARNY_6_SESBT2 JOANEC_2_STABT2 GATEWY_2_GESBT1 EDWARD_2_E21SB1, SANBRN_2_ES1BT3, EDWARD_2_ES2BT3, SANBRN_2_ES2SB3, EDWARD_2_E23SB1 BARRE_2_ALASB1 DELANO_2_ALASB2 VALLEY_5_OR1BT1 WSTWIND_2_SBSBT1	MCAM	
San Diego Community Power (Sell)	Natural Gas	Resource Adequacy	Var es	01/21/2022	2022		Part of multiyear RA so citation; did not require separate filing to Commission approval		Active	PALOMR_2_PL1X3	PABA	

ERRA Record Period: 2023

**CONTRACTS FOR THE PROCUREMENT OF FUEL SERVICES IN EFFECT OR UNDER NEGOTIATION, INITIATION, REVISION,
AMENDMENT, OR TERMINATION**

Contract type	Description	Trade Book	Contract class	Product	Status	Eff date	Contract type	Description	Trade Book	Contract class	Product	Status	Eff date
BILATERAL	Anadarko Energy Services Company	UEG	NAESB	NG	ACTIVE	9/1/2003	BILATERAL	Lucid Energy Delaware, LLC	UEG	NAESB	NG	ACTIVE	7/18/2019
BILATERAL	Anahau Energy, LLC - Gas	UEG	NAESB	NG	ACTIVE	2/11/2014	BILATERAL	Macquarie Energy LLC - ISDA	UEG	ISDA	NG	ACTIVE	6/10/1999
BILATERAL	Arizona Public Service Company	UEG	GISB	NG	ACTIVE	3/22/1999	BILATERAL	Macquarie Energy LLC - NAESB	UEG	NAESB	NG	ACTIVE	2/1/2003
BILATERAL	ARM Energy Management LLC	UEG	NAESB	NG	ACTIVE	9/4/2019	BILATERAL	Mercuria Energy America, LLC	UEG	NAESB	NG	ACTIVE	12/7/2018
BILATERAL	ATO Power, Inc. - Gas	UEG	NAESB	NG	ACTIVE	2/26/2013	BILATERAL	Meritspan Energy California, LLC	UEG	NAESB	NG	ACTIVE	4/23/2015
BILATERAL	Bank of Montreal	UEG	ISDA	NG	ACTIVE	7/22/2003	BILATERAL	MIECO LLC	UEG	NAESB	NG	ACTIVE	7/16/2013
BILATERAL	Barclays Bank	UEG	ISDA	NG	ACTIVE	10/13/2005	BILATERAL	Morgan Stanley Capital Group Inc. - Spot	UEG	Spot	NG	ACTIVE	11/20/1995
BILATERAL	BioUrja Trading, LLC	UEG	NAESB	NG	ACTIVE	10/1/2015	BILATERAL	National Fuel Marketing Company, LLC	UEG	NAESB	NG	ACTIVE	8/1/2002
BILATERAL	BNP Paribas Energy Trading GP - ISDA	UEG	ISDA	NG	ACTIVE	10/1/2004	BILATERAL	NDR Energy Group, LLC - Gas	UEG	NAESB	NG	ACTIVE	3/19/2015
BILATERAL	BP Corporation North America Inc	UEG	ISDA	NG	ACTIVE	4/1/2005	BILATERAL	Nevada Power Company dba NV Energy	UEG	NAESB	NG	ACTIVE	8/1/2015
BILATERAL	BP Energy Company	UEG	NAESB	NG	ACTIVE	6/1/2003	BILATERAL	NextEra Energy Marketing, LLC	UEG	NAESB	NG	ACTIVE	7/1/2006
TRANSPORT	California Gas Transmission	UEG	Other	NG	ACTIVE	1/1/1993	BILATERAL	NJR Energy Services Company	UEG	NAESB	NG	ACTIVE	10/1/2009
BILATERAL	Calpine Energy Services, L.P. - NAESB	UEG	NAESB	NG	ACTIVE	7/1/2019	TRANSPORT	North Baja Pipeline, LLC	UEG	Other	NG	ACTIVE	9/12/2011
BILATERAL	Calpine Energy Solutions, LLC	UEG	NAESB	NG	ACTIVE	8/27/2012	TRANSPORT	Nova Gas Transmission	UEG	Other	NG	ACTIVE	1/1/1993
BILATERAL	Canadian Imperial Bank of Commerce	UEG	ERMA	NG	ACTIVE	4/1/1997	BILATERAL	NRG Business Marketing LLC	UEG	NAESB	NG	ACTIVE	8/1/2023
BILATERAL	Cargill, Inc.	UEG	NAESB	NG	ACTIVE	2/1/2003	BILATERAL	Occidental Energy Marketing Inc.	UEG	NAESB	NG	ACTIVE	5/1/2005
BILATERAL	Castleton Commodities Merchant Trading L.P.	UEG	NAESB	NG	ACTIVE	11/1/2004	BILATERAL	One Nation Energy Solutions, LLC	UEG	NAESB	NG	ACTIVE	2/1/2003
BILATERAL	Chevron Natural Gas	UEG	NAESB	NG	ACTIVE	1/1/2003	BILATERAL	Pacific Gas & Electric Company	UEG	NAESB	NG	ACTIVE	5/1/2003
BILATERAL	CIMA ENERGY, LP	UEG	NAESB	NG	ACTIVE	7/1/2006	BILATERAL	Pacific Summit Energy LLC	UEG	NAESB	NG	ACTIVE	10/11/2005
BILATERAL	Citadel Energy Marketing LLC	UEG	NAESB	NG	ACTIVE	11/14/2016	BILATERAL	Patten Energy Enterprises, Inc.	UEG	NAESB	NG	ACTIVE	4/10/2012
BILATERAL	Citibank, N.A.	UEG	ISDA	NG	ACTIVE	8/1/2001	BILATERAL	PetroChina International (America), Inc.	UEG	NAESB	NG	ACTIVE	11/2/2015
BILATERAL	Citigroup Energy Inc.	UEG	NAESB	NG	ACTIVE	2/27/2007	BILATERAL	Powerex Corporation	UEG	NAESB	NG	ACTIVE	12/1/2005
BILATERAL	Concord Energy LLC	UEG	NAESB	NG	ACTIVE	8/27/2002	BILATERAL	Red Willow Production Company	UEG	GISB	NG	ACTIVE	4/1/2000
BILATERAL	Conexus Energy, LLC	UEG	NAESB	NG	ACTIVE	6/21/2016	BILATERAL	Sacramento Municipal Utility District	UEG	NAESB	NG	ACTIVE	4/1/2007
BILATERAL	ConocoPhillips Company	UEG	NAESB	NG	ACTIVE	12/1/2002	BILATERAL	Saja Energy LLC	UEG	NAESB	NG	ACTIVE	8/21/2013
BILATERAL	Constellation Energy Gen LLC	UEG	NAESB	NG	ACTIVE	2/1/2022	BILATERAL	Salt River Project	UEG	NAESB	NG	ACTIVE	10/1/2004
BILATERAL	Continuum Energy Services, LLC	UEG	NAESB	NG	ACTIVE	9/1/2014	BILATERAL	Samson Resources Co. - bankrupt ch 11	UEG	NAESB	NG	ACTIVE	8/1/2006
BILATERAL	CRC Marketing, Inc.	UEG	NAESB	NG	ACTIVE	3/31/2021	BILATERAL	Sequent Energy Management, L.P.	UEG	NAESB	NG	ACTIVE	9/14/2007
BILATERAL	Credit Suisse Energy LLC	UEG	ISDA	NG	ACTIVE	4/1/2008	BILATERAL	Shell Energy North America (US), L.P.	UEG	NAESB	NG	ACTIVE	5/1/2009
BILATERAL	DCP Midstream Marketing, LLC	UEG	NAESB	NG	ACTIVE	9/1/2009	BILATERAL	Six One Commodities LLC	UEG	NAESB	NG	ACTIVE	7/18/2019
BILATERAL	DES Wholesale, LLC dba DES-Gas	UEG	NAESB	NG	ACTIVE	7/15/2011	BILATERAL	Southern California Gas Company	UEG	GISB	NG	ACTIVE	7/1/1998
BILATERAL	Deutsche Bank AG	UEG	ISDA	NG	ACTIVE	12/1/2005	BILATERAL	Southern California Gas Company Capacity Products	UEG	NAESB	NG	ACTIVE	6/17/2005
BILATERAL	Direct Energy Bus Marketing, LLC	UEG	NAESB	NG	ACTIVE	12/1/2021	TRANSPORT	Southern Trails Pipeline	UEG	Other	NG	ACTIVE	1/1/1993
BILATERAL	EDF Trading North America, LLC	UEG	NAESB	NG	ACTIVE	12/12/2008	BILATERAL	Southwest Gas Corporation	UEG	Spot	NG	ACTIVE	4/1/1999
TRANSPORT	El Paso Natural Gas Company	UEG	Other	NG	ACTIVE	1/1/1993	TRANSPORT	Southwest Gas Corporation	UEG	Other	NG	ACTIVE	10/1/2011
BILATERAL	Eik Mountain Energy, LLC - Gas	UEG	NAESB	NG	ACTIVE	8/30/2012	BILATERAL	Spotlight Energy, LLC	UEG	NAESB	NG	ACTIVE	11/3/2021
BILATERAL	Encarnacion Ventures Inc.	UEG	NAESB	NG	ACTIVE	9/13/2018	BILATERAL	Suez Energy Marketing NA, Inc.	UEG	NAESB	NG	ACTIVE	12/10/2002
BILATERAL	ENSTOR Energy Services, LLC	UEG	NAESB	NG	ACTIVE	2/1/2003	BILATERAL	Susterra Energy, LLC - Gas	UEG	NAESB	NG	ACTIVE	1/16/2013
BILATERAL	Enterprise Products Operating LLC	UEG	NAESB	NG	ACTIVE	4/24/2009	BILATERAL	Talen Energy Marketing, LLC	UEG	NAESB	NG	ACTIVE	2/28/2003
BILATERAL	ETC Marketing, Ltd.	UEG	NAESB	NG	ACTIVE	1/16/2004	BILATERAL	Targa Gas Marketing LLC	UEG	NAESB	NG	ACTIVE	5/1/2009
BILATERAL	Euell Energy Resources	UEG	NAESB	NG	ACTIVE	12/1/2007	BILATERAL	Tenaska Gas Storage, LLC	UEG	NAESB	NG	ACTIVE	1/1/2003

ERRA Record Period: 2023

CONTRACTS FOR THE PROCUREMENT OF FUEL SERVICES IN EFFECT OR UNDER NEGOTIATION, INITIATION, REVISION, AMENDMENT, OR TERMINATION

BILATERAL	Freepoint Commodities LLC	UEG	NAESB	NG	ACTIVE	2/6/2012	BILATERAL	Tenaska Marketing Ventures	UEG	NAESB	NG	ACTIVE	1/1/2003
TRANSPORT	Gas Transmission Northwest	UEG	Other	NG	ACTIVE	1/1/1993	BILATERAL	Tiger Natural Gas, Inc.	UEG	NAESB	NG	ACTIVE	5/23/2008
TRANSPORT	Gasoducto Bajanorte	UEG	Other	NG	ACTIVE	9/21/2011	BILATERAL	Total Gas & Power North America, Inc.	UEG	NAESB	NG	ACTIVE	4/1/2004
BILATERAL	GearyEnergy, LLC - Gas	UEG	NAESB	NG	ACTIVE	5/23/2008	TRANSPORT	TransCanada Pipeline Company	UEG	Other	NG	ACTIVE	1/1/1993
BILATERAL	Hartree Partners,LP	UEG	NAESB	NG	ACTIVE	2/17/2023	TRANSPORT	Transportador de Gas Natural	UEG	Other	NG	ACTIVE	9/21/2011
BILATERAL	ICC Energy Corporation - Gas	UEG	NAESB	NG	ACTIVE	10/1/2006	TRANSPORT	Transwestern Pipeline Company	UEG	Other	NG	ACTIVE	1/1/1993
BILATERAL	ICE NGX Canada Inc.	UEG	Other	NG	ACTIVE	11/11/2009	BILATERAL	Tristar Producer Services of Texas, L.P.	UEG	Umbrella	NG	ACTIVE	1/16/1996
BILATERAL	IPC (USA), Inc.	UEG	NAESB	NG	ACTIVE	6/16/2008	BILATERAL	Twin Eagle Resource Management, LLC	UEG	NAESB	NG	ACTIVE	12/4/2012
BILATERAL	J. Aron & Company - ISDA	UEG	ISDA	NG	ACTIVE	4/2/2003	BILATERAL	Twine Gas & Power, Inc.	UEG	GISB	NG	ACTIVE	7/1/2001
BILATERAL	J. Aron & Company - NAESB	UEG	NAESB	NG	ACTIVE	6/1/2003	BILATERAL	UBS AG - ISDA	UEG	ISDA	NG	ACTIVE	4/1/2008
BILATERAL	J.P. Morgan Ventures Energy Corporation - ISDA	UEG	ISDA	NG	ACTIVE	12/1/2007	BILATERAL	Ultra Resources, Inc.	UEG	NAESB	NG	ACTIVE	11/1/2004
BILATERAL	J.P. Morgan Ventures Energy Corporation - NAESB	UEG	NAESB	NG	ACTIVE	10/14/2008	BILATERAL	United Energy Trading, LLC	UEG	NAESB	NG	ACTIVE	5/1/2003
BILATERAL	K2 Commodities, LLC	UEG	NAESB	NG	ACTIVE	7/28/2017	BILATERAL	Walden Energy LLC	UEG	NAESB	NG	ACTIVE	12/12/2003
TRANSPORT	Kern River Gas Transmission Company	UEG	Other	NG	ACTIVE	1/1/1993	BILATERAL	Wells Fargo Commodities, LLC	UEG	NAESB	NG	ACTIVE	1/1/2007
BILATERAL	Kerr-McGee Energy Services Corporation	UEG	NAESB	NG	ACTIVE	2/20/2006	BILATERAL	WPX Energy Marketing, LLC	UEG	NAESB	NG	ACTIVE	3/1/2010
BILATERAL	KM Ventures, LLC dba Freedom Energy	UEG	NAESB	NG	ACTIVE	9/9/2019	BILATERAL	XTO Energy Inc.	UEG	NAESB	NG	ACTIVE	4/2/2021

2023 QF MONTHLY PAYMENTS

Confidential/privileged pursuant to applicable provisions of D.06-06-066, G.O. 66-D and PUC Code Section 583 and Section 454.5(g).

Monthly Energy Purchases (MWh)

NOTE: DOES NOT INCLUDED GENERATION FROM, OR PAYMENT TO, CONVERTED CHP PLANTS

QFID	Technology	Generating Facility	Jan Total MWh	Feb Total MWh	Mar Total MWh	Apr Total MWh	May Total MWh	Jun Total MWh	Jul Total MWh	Aug Total MWh	Sept Total MWh	Oct Total MWh	Nov Total MWh	Dec Total MWh	Total MWh
119	Conduit Hydro	San Francisco Peak Hydro Plant	[REDACTED]												189.01

Monthly Energy Purchases

QFID	Technology	Generating Facility	Jan Energy \$	Feb Energy \$	Mar Energy \$	Apr Energy \$	May Energy \$	Jun Energy \$	Jul Energy \$	Aug Energy \$	Sept Energy \$	Oct Energy \$	Nov Energy \$	Dec Energy \$	Total Energy \$
119	Conduit Hydro	San Francisco Peak Hydro Plant	[REDACTED]												\$ 28,525.64

Monthly Capacity Purchases

QFID	Technology	Generating Facility	Jan Capacity \$	Feb Capacity \$	Mar Capacity \$	Apr Capacity \$	May Capacity \$	Jun Capacity \$	Jul Capacity \$	Aug Capacity \$	Sept Capacity \$	Oct Capacity \$	Nov Capacity \$	Dec Capacity \$	Total Capacity \$
119	Conduit Hydro	San Francisco Peak Hydro Plant	[REDACTED]												\$ 3,999.43

ATTACHMENT 2

CONFIDENTIALITY DECLARATION OF MATT RICHARDSON

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION
OF MATT RICHARDSON**

A.24-06-XXX

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2023, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2023 and (iii) Costs Recorded in Related Regulatory Accounts in 2023

I, Matt Richardson, declare as follows:

1. I am an Electric & Fuel Procurement Senior Energy Administrator for San Diego Gas & Electric Company (“SDG&E”). I have included my Direct Testimony (“Testimony”) in support of SDG&E’s Application for Approval of: (i) Contract Administration, and (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Incurred During the Record Period January 1, 2023 through December 31, 2023, and (iii) the Entries Recorded in Related Regulatory Accounts. Additionally, I am thoroughly familiar with the facts and representations in this declaration and if called upon to testify I could and would testify to the following based upon personal knowledge.

2. I am providing this Declaration to demonstrate that the confidential information (“Protected Information”) in support of the referenced Application falls within the scope of data provided confidential treatment in the IOU Matrix (“Matrix”) attached to the Commission’s Decision D.06-06-066 (the Phase I Confidentiality decision). Pursuant to the procedures adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 in D.06-06-066:

- that the material constitutes data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;
- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;
- that the information is not already public; and
- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The confidential information contained in my Testimony constitutes material, market sensitive, electric procurement-related information that is within the scope of Section 454.5(g) of the Public Utilities Code.¹ As such, the Protected Information provided by SDG&E is allowed confidential treatment in accordance with Appendix 1 – IOU Matrix in D.06-06-066.

Confidential Information	Matrix Reference	Reason for Confidentiality and Timing
The highlighted areas in Section IV.H.1. entitled “ <u>Payments to QF/CHP</u> ” <ul style="list-style-type: none"> • Table entitled “2023 <u>QF MONTHLY PAYMENTS</u>” 	VII.B	Pricing terms of the contracts confidential for three years from date contract states deliveries to begin; or until one year following expiration, whichever comes first.
All highlighted areas in the body, tables or footnotes of Section VI.A entitled “ <u>Renewable Resources,</u> ” sections: <ol style="list-style-type: none"> 3. Solar 4. Wind 5. Hybrid – Energy Storage/Solar PV 	VII.G	Contract terms; confidential for 3 years
All highlighted areas in the body, tables or footnotes of Section VI.C1 entitled “ <u>Energy Storage – Large Hydro Project (Pump Storage)</u> ”	VII.B	Contract terms; confidential for 3 years
All highlighted areas in the body, tables or footnotes of Section VI.D entitled “Battery Energy Storage”	VII.B VII.E	Contract terms; confidential for 3 years
All highlighted areas in the body, tables or footnotes of Section VI.G entitled “Bundled Energy & REC Sales”	VII.B	Contract terms; confidential for 3 years

¹ In addition to the details addressed herein, SDG&E believes that the information being furnished in my Testimony is governed by Public Utilities Code Section 583 and General Order 66-C. Accordingly, SDG&E seeks confidential treatment of such data under those provisions, as applicable.

All highlighted areas in the body, tables or footnotes of Section VI.H entitled “Pre-Commercial Contracts” <ol style="list-style-type: none"> 1. Energy Storage 2. QF 3. Hybrid (Energy Storage/Solar PV) 	VII.B VII.E VII.G	Contract terms; confidential for 3 years
All highlighted areas in ATTACHMENT 1	VII.G XI	Contract terms; confidential for 3 years Detail of monthly variable cost on energy operation; confidential for 3 years

4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. I will comply with the limitations on confidentiality specified in the Matrix for the type of data that is provided herewith.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized and continue to provide the level of support to the Application as intended; however, SDG&E is certainly willing to work with the Commission regarding possible aggregations if the Commission seeks to make any of the confidential information provided in the Testimony public.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this June 3, 2024, at San Diego, California.

Matt Richardson _____
Matt Richardson
Electric & Fuel Procurement Senior
Energy Administrator
San Diego Gas & Electric Company

ACRONYM GLOSSARY

AB	Assembly Bill
AL	Advice Letter
Allegro	Allegro Development Corporation
AZ	Arizona
BESS	Battery Energy Storage System
Bio-Mat	Bioenergy Market Adjusting Tariff
Buyer	Used interchangeably with SDG&E
CA	California
CAISO	California Independent System Operator
Cal PAO	California Public Advocates Office
CAM	Cost Allocation Mechanism
CEC	California Energy Commission
CECL	Carlsbad Energy Center, LLC
CHP	Combined Heat & Power
COD	Commercial Operation Date
Commission	California Public Utilities Commission
Consent	Consented to a change of control
CPIA	Consumer Price Index adjustment
CRE	Customer Renewable Energy
CRR	Congestion Revenue Rights
CSE1	Centinela Solar Energy 1
CSE2	Centinela Solar Energy 2
CTC	Competitive Transition Charge
DRAM	Demand Response Auction Mechanism
E&FP	Electric & Fuel Procurement Department
ECEC	El Cajon Energy Center
EEC	Escondido Energy Center
ERM	Energy Risk Management
ERRA	Energy Resource Recovery Account
ES	Energy Storage
ES&D	Energy Supply & Dispatch
ESJ	Energía Sierra Juárez
FERC	Federal Energy Regulatory Commission
FIT	Feed-In-Tariff
GCOD	Guaranteed Substantial Completion Date
GHG	Greenhouse Gas
GMC	Grid Management Charges
G.O.	General Order
GRC	General Rate Case
GTSR	Green Tariff Shared Renewables
HLP	Honey Lake Power Company
ISTs	Inter-SC trades
kW	Kilowatt

kWh	kilowatt hour
LGBA	Local Generation Balancing Account
MCAMBA	Modified Cost Allocation Mechanism Balancing Account
Miramar	MM San Diego
MW	Megawatt
MDPS	Meter Data Processing System
MWh	Megawatt hour
Midway	Midway Solar Farm III (97WI 8ME LLC)
O&M	Operation & Maintenance
OES&D	Origination, Energy Supply & Dispatch
OMECA	Otay Mesa Energy Center
OGE	Orange Grove Energy
Pub. Util. Code	California Public Utilities Code
PABA	Portfolio Allocation Balancing Account
PCI	Power Costs Inc.
PCIA	Power Charge Indifference Adjustment
PDF	Portable Document Format in Adobe Acrobat
PMAX	CAISO test where generator maintains maximum output for 30 minutes.
PPA	Power Purchase Agreement
PPEC	Pio Pico Energy Center
PPTA	Power Purchase Tolling Agreement
QF	Qualifying Facility
Ramona 1	Sol Orchard San Diego 21 Ramona 1
Ramona 2	Sol Orchard San Diego 22 Ramona 2
RA	Resource Adequacy
RAM	Renewable Auction Mechanism
REC	Renewable Energy Credit
ReMat	Renewable Market Adjusting Tariff
Respondents	Marketers and Generators
RFO	Request for Offer
RPS	Renewable Portfolio Standard
RP	Resource Planning
S&S	Settlements and Systems
SC	Scheduling Coordinator
SDCWA	San Diego County Water Authority
SDG&E	San Diego Gas & Electric Company
SGWII	San Gorgonio Westwinds II
SOX	Sarbanes-Oxley
SRAC	Short Run Avoided Costs
STC 6	Standard Terms and Conditions 6
TCBA	Transition Cost Balancing Account
TMNBCBA	Tree Mortality Non-Bypassable Charge Balancing Account
TOD	Time of Delivery
TY	Test Year

UOG	Utility Owned Generation
USAs	Utility Services Agreements
VAMO	Voluntary Allocation & Market Offer
V Performance	Versify Solutions
Valley Center 1	Sol Orchard San Diego 22 Valley Center 1
Valley Center 2	Sol Orchard San Diego 23 Valley Center 2
WREGIS	Western Renewable Energy Generation Information
WSPP	Western Systems Power Pool
YCA	Yuma Cogen Associates