



Redwood Coast Energy Authority  
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## **BOARD OF DIRECTORS MEETING AGENDA**

**Humboldt Bay Municipal Water District Office**  
**828 7<sup>th</sup> Street, Eureka, CA 95501**

**January 28, 2019**  
**Monday, 3:15 p.m.**

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In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Clerk of the Board at the phone number, email or physical address listed above at least 72 hours in advance.

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Pursuant to Government Code section 54957.5, all writings or documents relating to any item on this agenda which have been provided to a majority of the Board of Directors, including those received less than 72 hours prior to the RCEA Board meeting, will be made available to the public in the agenda binder located in the RCEA lobby during normal business hours, and at [www.redwoodenergy.org](http://www.redwoodenergy.org).

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PLEASE NOTE: Speakers wishing to distribute materials to the Board at the meeting are asked to provide 12 copies to the Clerk of the Board.

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### **OPEN SESSION** Call to Order

#### **1. REPORTS FROM MEMBER ENTITIES**

#### **2. ORAL COMMUNICATIONS**

This time is provided for people to address the Board or submit written communications on matters not on the agenda. At the conclusion of all oral and written communications, the Board may respond to statements. Any request that requires Board action will be set by the Board for a future agenda or referred to staff.

#### **3. CONSENT CALENDAR**

All matters on the Consent Calendar are considered to be routine by the Board and are enacted on one motion. There is no separate discussion of any of these items. If discussion is required, that item is removed from the Consent Calendar and considered separately. At the end of the reading of the Consent Calendar, Board members or members of the public can request that an item be removed for separate discussion.

##### **3.1 Approve Minutes of:**

**3.1.1 December 10, 2018, Special Board Meeting; and**

**3.1.2 December 17, 2018, Regular Board Meeting.**

##### **3.2 Approve Disbursements Report.**

##### **3.3 Accept Financial Reports.**

##### **3.4 Approve the Updated Terms and Conditions for the Community Choice Energy Program.**

##### **3.5 Approve the 2019 RCEA Board Meeting Calendar.**

#### **4. REMOVED FROM CONSENT CALENDAR ITEMS**

Items removed from the Consent Calendar will be heard under this section.

## **5. OLD BUSINESS**

### **5.1 FY 16-17 Fiscal Audit – Independent Auditor’s Report (Information only)**

## **6. NEW BUSINESS**

### **6.1 Election of Officers**

Select the RCEA Board Chair and Vice Chair.

### **6.2 Finance Subcommittee**

Create and appoint members to a standing Finance Subcommittee.

### **6.3 Community Advisory Committee**

Appoint a Board Liaison to the Community Advisory Committee to serve through December 2019.

Reappoint Norman Bell, Kit Mann, Kathy Srabian, Richard Johnson, Luna Latimer and Matty Tittman to the Community Advisory Committee for terms expiring April 13, 2021.

### **6.4 PG&E Update (Information only)**

## **COMMUNITY CHOICE ENERGY (CCE) BUSINESS (Confirm CCE Quorum)**

Items under this section of the agenda relate to CCE-specific business matters that fall under RCEA’s CCE voting provisions, with only CCE-participating jurisdictions voting on these matters with weighted voting as established in the RCEA joint powers agreement.

## **7. OLD CCE BUSINESS**

### **7.1. CCE Weighted Voting Revision (Information only)**

### **7.2. Energy Risk Management Quarterly Report**

Accept Energy Risk Management quarterly report.

### **7.3. Customer Rate Setting**

Approve 2019 RCEA customer electricity rates at 1.5% below PG&E generation rates, inclusive of all PG&E charges to CCA customers.

### **7.4 Renewable Energy Request for Proposals**

Authorize staff to issue the RCEA 2019 Renewable Energy Request for Proposals.

Approve membership for request for proposals review team.

## **7.5 DG Fairhaven Contract Renewal**

Authorize the Executive Director to develop and execute, after review and approval by the RCEA General Counsel, an amendment to the power purchase agreement with DG Fairhaven Power LLC renewing the agreement for a 12-month period beginning March 1, 2019, and any other associated documents as necessary.

## **8. NEW CCE BUSINESS – None.**

## **END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS**

## **9. STAFF REPORTS – None.**

## **10. FUTURE AGENDA ITEMS**

## **11. CLOSED SESSION**

**11.1** Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director

**11.2** Conference with labor negotiator pursuant to Government Code Section 54957.6:  
RCEA representative: Director Sheri Woo.  
Unrepresented employee: Executive Director

## **12. RECONVENE TO OPEN SESSION**

## **13. REPORT FROM CLOSED SESSION**

## **14. ADJOURNMENT**

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### **NEXT REGULAR MEETING – NEW DAY AND TIME**

Thursday, February 28, 2019, 3:30 p.m.  
Humboldt Bay Municipal Water District Office  
828 7<sup>th</sup> Street, Eureka, CA 95501

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Redwood Coast Energy Authority

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## **DRAFT BOARD OF DIRECTORS SPECIAL MEETING MINUTES**

Humboldt Bay Municipal Water District Office  
828 7<sup>th</sup> Street, Eureka, CA 95501

December 10, 2018  
Monday, 9:00 a.m.

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A special meeting of the Board of Directors of the Redwood Coast Energy Authority was held on the above date at the location listed above.

Chair Sheri Woo called the meeting to order at 9:04 a.m.

### **PUBLIC COMMENT**

There being no member of the public present to speak, the Board met in closed session to discuss items 3.1 and 3.2 listed below beginning at 9:05 a.m.

### **CLOSED SESSION**

- 3.1 PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE Pursuant to Government Code § 54957.
- 3.2 CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION. Pursuant to Government Code § 54956.9(c)(2): (1 Case).

### **ADJOURNMENT**

Chair Woo stated there was nothing to report out from closed session and adjourned the special meeting at 4:49 p.m.

Respectfully Submitted,

Lori Taketa  
Clerk of the Board



## **BOARD OF DIRECTORS MEETING DRAFT MINUTES**

**Humboldt Bay Municipal Water District Office  
828 7<sup>th</sup> Street, Eureka, CA 95501**

**December 17, 2018  
Monday, 3:15 p.m.**

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Chair Sheri Woo called a regular meeting of the Board of Directors of the Redwood Coast Energy Authority to order on the above date at 3:15 p.m. Notice of this meeting was posted on December 14, 2018. PRESENT: Austin Allison, Alternate Director Chris Curran, Estelle Fennell (arrived at 3:25 p.m.), Dean Glaser (left at 5:09 p.m.), Dwight Miller, Michael Sweeney, Frank Wilson, Vice Chair Michael Winkler, Chair Sheri Woo. ABSENT: Summer Daugherty. STAFF PRESENT: Director of Business Development and Planning Lori Biondini, General Counsel Nancy Diamond, Director of Power Resources Richard Engel, Executive Director Matthew Marshall, Clerk of the Board Lori Taketa.

### **REPORTS FROM MEMBER ENTITIES**

Director Sweeney reported that he will be serving as Ferndale's mayor and introduced Ferndale City Council member Robin Smith who will begin serving on the RCEA Board at the January 2019 meeting. Director Sweeney thanked the Board and RCEA staff for their work and wished the organization well. Chair Woo thanked Director Sweeney for his service.

Vice Chair Winkler stated that he will be Arcata's Vice Mayor for the next year and that he is working with Arcata's Community Development Director toward a long-term goal for all-electric new construction. He is also speaking with the project manager for Open Door Clinic's new Arcata facility about using electric heat pumps, and not natural gas, for heating.

### **ORAL COMMUNICATIONS**

Chair Woo invited public comment. No one came forward to speak. Chair Woo closed public comment.

### **CONSENT CALENDAR**

- 3.1** Approve Minutes of the November 19, 2018, Regular Board Meeting.
- 3.2** Approve Disbursements Report.
- 3.3** Accept Financial Reports.

Chair Woo invited public comment. No one came forward to speak. Chair Woo closed public comment.

**M/S: Glaser, Sweeney: Approve consent calendar items.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Glaser, Miller, Sweeney, Wilson, Winkler, Woo. Noes: None. Absent: Fennell. Abstentions: None.**



## **OLD BUSINESS - RCEA Staffing Reorganization**

Executive Director Marshall reported that the proposed organizational chart eliminates the Director of Finance and Human Resources position and divides finance duties between a newly-defined Director of Business Planning and Finance position and the different program directors, resulting in financial and operational efficiencies. Staff suggested retaining financial consultants to provide checks and balances for financial activity and described RCEA's access to consultants at The Energy Authority for procurement forecasting, analysis, and complex transactions and public power attorneys Braun Blaising Smith Wynne for counsel.

Director Fennell arrived at 3:25 p.m.

The directors discussed creating a standing finance committee, a system for training new directors, the importance of retaining a distinct finance staff position, and the Board's ability to revisit staff positions in the future.

Chair Woo invited public comment. Schatz Energy Research Center Managing Research Engineer Jim Zoellick who was speaking as a member of the public commended the directors for their high level of commitment and responsibility and suggested looking at other CCEs' systems of checks and balances. Chair Woo closed public comment.

**M/S: Fennell, Miller: Approve the updated organizational chart and the associated elimination of the Director of Finance & Human Resources position and revision of the Director of Business Development and Planning position to the Director of Business Planning and Finance position.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Glaser, Miller, Sweeney, Wilson, Winkler. Noes: Woo. Absent: None. Abstentions: None.**

## **NEW BUSINESS - FY 16-17 Fiscal Audit**

Executive Director Marshall reported that the independent auditors David L. Moonie and Co. were not available to make a presentation to the directors but would be able to make a full report at the Board's January 2019 meeting, if desired. CPA Matthew Hague made a presentation to the Finance Subcommittee at their December 12 meeting.

The directors requested receipt of the auditors' report well in advance of meetings, more timely completion of annual audits and an auditors' report at the January Board meeting.

Chair Woo invited public comment. No one came forward to speak. Chair Woo closed public comment.

**M/S: Fennell, Wilson; Amended: Miller: Accept and approve Fiscal Year 2016-17 Independent Fiscal Audit Report and request an auditors' report at the January 2019 RCEA Board of Directors meeting.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Glaser, Miller, Sweeney, Wilson, Winkler, Woo. Noes: None. Absent: None. Abstentions: None.**

## **COMMUNITY CHOICE ENERGY (CCE) BUSINESS**

Chair Woo determined a CCE quorum was present.

### **OLD CCE BUSINESS**

At 3:55 p.m. Chair Woo recused herself from discussion of agenda item 7.1 due to a conflict of interest. Chair Woo's conflict arises from her employment at SHN Engineers and Geologists, which performs work for Humboldt Redwood Company, of which the Humboldt Sawmill Company (HSC) is a subsidiary. Chair Woo is also an SHN shareholder. Chair Woo does not supervise any employees working with HSC and her interest in the HSC purchase agreement is remote. Director Wilson also recused himself at 3:55 p.m. because he is an HSC employee. Vice Chair Winkler facilitated the following discussion.

#### **7.1 Humboldt Sawmill Company Power Purchase Agreement**

Power Resources Director Richard Engle gave a report on current financial challenges triggered by the CPUC's Power Charge Indifference Adjustment (PCIA) decision and the need for RCEA's rates to remain competitive with PG&E's. Staff negotiated with Humboldt Sawmill Company on possible five- and ten-year adjustments to their power purchase agreement made possible by the contract's material change clause. The ten-year contract would help fulfil new rules to have 65% of renewable power procurement under long-term contracts by 2021. Both sets of renegotiated terms would result in ratepayer savings.

The Board discussed the effect of extending HSC's contract on DG Fairhaven's continued ability to provide biomass power, the effect of air quality violations on existing contracts, the necessity of local cogeneration power plants, efforts to enter into long term contracts with producers of other kinds of renewable energy, the Board's initial agreement to short-term biomass contracts while alternate mill waste uses were found, and how the combined production of the two current biomass energy providers compares with the CCE's launch-period targets.

Chair Winkler invited public comment.

Mary Sanger of 350 Humboldt expressed support for bringing biomass prices closer to market prices, long-term wind contracts, and RCEA's mission and work. Ms. Sanger strongly opposed longer contracts with HSC and decreasing greenhouse gas (GHG) free portfolio percentages to address financial challenges. She stated a need to address climate change.

Member of the public Dr. Wendy Ring stated that curtailing catastrophic temperature rise requires steep emissions reductions in 2020 and that biomass contract extensions are inconsistent with that goal and would decrease RCEA's ability to invest in wind and solar energy. Improving biomass facilities will increase pressure to renew contracts, Dr. Ring stated, and she requested planning for reducing CO2 emissions in 2020.

Member of the public Susan Parsons expressed distrust that air quality violations would be caught and stated opposition to a 10-year contract. She further stated a need for a definitive



shift away from supporting environment-harming companies and asked why the shift is not being made now if prices are similar to those of cleaner energy sources.

Member of the public Ellen Golla stated that HSC is a Title V polluter and that Scotia residents asked the North Coast Unified Air Quality Management District for help with the plant's particulate pollution at the beginning of their power contract with RCEA. She stated that it was time to move away from polluting energy sources that cause health problems.

An unidentified member of the public supported a shorter HSC contract while other renewable energy sources are developed and asked whether it is possible to purchase 100% renewable energy through solar, wind and hydropower. Member of the public Dr. Wendy Ring added that by 2020 there would be more locally-generated wind energy than can be consumed locally without biomass.

Jim Zoellick, speaking as a member of the public and not as a Schatz Energy Research Center representative, stated the Board's decision to use biomass makes sense as the electricity grid requires an exact match of generation and load. Wind and solar provide energy when the wind blows and the sun shines, Mr. Zoellick stated, and biomass provides base load to keep supply matching demand. Mr. Zoellick said RCEA is doing a good job navigating the need for local jobs, local energy and local energy security.

Chair Woo closed public comment.

Executive Director Marshall stated that biomass energy made up 12% of the CCE's Opt-Up, 100% renewables portfolio in 2017, and 15-20% in 2018. West Coast wind and solar make up the balance of the 2018 portfolio. The Directors discussed working with the County and other agencies for well-paying green energy jobs and to rapidly eliminate GHG and particulate emissions; the distinction between biomass and fossil fuel; creating biochar to process mill waste; aggressive statewide efforts to develop battery storage; the local airport microgrid project's storage development; efforts to steer people toward wood stove alternatives; fire safe clearing to prevent uncontrolled forest fire emissions; the need to develop non-battery and long-term storage options; biological energy storage as part of a long-term storage strategy, and the importance of switching away from fossil fuels.

Director Glaser left at 5:09 p.m.

**M/S: Fennell, Allison: Authorize the Executive Director to develop and execute, after review and approval of RCEA General Counsel, an amendment to the power purchase agreement with Humboldt Sawmill Company with the following contract adjustments:**

- **Extend contract end date to 2024.**
- **\$65/MWh unit price for the period March 1, 2019-December 31, 2019, thereafter increasing to a price of \$67/MWh, subject to an annual consumer price index adjustment beginning on the anniversary of the contract amendment in 2021.**

- **Volume of energy procurement remains the same as under the existing contract and the 90% guaranteed energy production in the existing contract is preserved.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Miller, Sweeney, Winkler. Noes: None. Absent: Glaser, Wilson (recused), Woo (recused). Abstentions: None.**

Chair Woo and Director Glaser returned to the dais at 5:24 p.m. and Chair Woo presided over the meeting once more.

## **7.2 Offshore Wind Project**

Executive Director Marshall reported that the Harbor District Board unanimously approved the proposed memorandum of understanding with RCEA at its meeting last week and that more formal agreements would follow in the future.

Chair Woo invited public comment. No one came forward to speak. Chair Woo closed public comment.

**M/S: Sweeney, Allison: Approve Memorandum of Understanding with the Humboldt Bay Harbor, Recreation and Conservation District and authorize the Executive Director to execute all associated documents pending final review and approval of any revisions by RCEA Legal Counsel.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Miller, Sweeney, Wilson, Winkler. Noes: None. Absent: Glaser. Abstentions: Woo (non-voting).**

Executive Director Marshall reported that the Bureau of Ocean Energy Management's call for information and nominations deadline is January 28, 2019, coinciding with the next RCEA Board meeting, and that the Offshore Wind Project partners intend to resubmit the lease request through that process with additional comments.

Chair Woo invited public comment. No one came forward to speak. Chair Woo closed public comment.

**M/S: Miller, Sweeney: Authorize the Board Offshore Wind Subcommittee to approve RCEA comments for submission to the Bureau of Ocean Energy Management's call for information and nominations.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Miller, Sweeney, Wilson, Winkler. Noes: None. Absent: Glaser. Abstentions: Woo (non-voting).**

## **NEW CCE BUSINESS**

### **8.1 Energy Risk Management Policy**

Power Resources Director Engel presented a staff report recommending revision of RCEA's Energy Risk Management Policy with the revised organizational chart and addition of an energy risk hedging strategy.

Chair Woo invited public comment. No one came forward to speak. Chair Woo closed public comment.

**M/S: Miller, Fennell: Adopt resolution 2018-8 of the Redwood Coast Energy Authority adopting updates to the Energy Risk Management Policy.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Miller, Sweeney, Wilson, Winkler. Noes: None. Absent: Glaser. Abstentions: Woo (non-voting).**

### **8.2 2019-2021 Hydropower Procurement**

Staff director Engel reported that RCEA's Energy Risk Management Policy requires Board approval to enter into a 36-month power purchase contract. The Energy Authority (TEA) advisors recommend agreeing to the hydropower purchase prices presented as hydropower rates are rising. Upon inquiry by Chair Woo, staff verified that TEA considers annual rainfall variations when making hydropower procurement decisions and recommendations.

Chair Woo invited public comment. No one came forward to speak. Chair Woo closed public comment.

**M/S: Miller, Winkler: Authorize the Executive Director to approve hydropower purchases with 36-month contract terms with Morgan Stanley Capital Group and Tenaska.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Miller, Sweeney, Wilson, Winkler. Noes: None. Absent: Glaser. Abstentions: Woo (non-voting).**

## **END OF COMMUNITY CHOICE ENERGY (CCE) BUSINESS**

**STAFF REPORTS** – None.

## **FUTURE AGENDA ITEMS**

Directors requested: a study session on biochar, forest management, technology and the economy in early 2019; a combined discussion of energy source projections for the next five to ten years, RCEA's integrated resource plan, the local renewable power solicitation and power storage; and determining Board, committee and subcommittee roles during the January 2019 meeting.



## **CLOSED SESSION**

Chair Woo invited public comment. Schatz Energy Research Center Managing Research Engineer Jim Zoellick who was speaking as a member of the public stated his approval of and confidence in Mr. Marshall's leadership as RCEA's executive director. Director of Business Planning and Finance Lori Biondini spoke of Mr. Marshall as being a very good supervisor who is supportive of staff development. Chair Woo closed public comment.

The Redwood Coast Energy Authority Board of Directors convened in closed session at 5:49 p.m. to do the following:

- 11.1** Public Employee Performance Evaluation, pursuant to Government Code Section 54957(b)(1): Executive Director
- 11.2** Conference with labor negotiator pursuant to Government Code Section 54957.6:  
RCEA representative: Chair.  
Unrepresented employee: Executive Director

## **RECONVENE TO OPEN SESSION**

The Board reconvened to open session at 6:45 p.m.

## **REPORT FROM CLOSED SESSION**

**M/S: Miller, Sweeney: Extend current employment agreement with the Executive Director through February 28, 2019.**

**The motion passed on a unanimous voice vote. Ayes: Allison, Curran, Fennell, Miller, Sweeney, Wilson, Winkler, Woo. Noes: None. Absent: Glaser. Abstentions: None.**

## **ADJOURNMENT**

Chair Woo adjourned the meeting at 6:46 p.m.

Respectfully Submitted,

Lori Taketa  
Clerk of the Board

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### **NEXT REGULAR MEETING**

Monday, January 28, 2019, 3:15 p.m.  
Humboldt Bay Municipal Water District Office  
828 7<sup>th</sup> Street, Eureka, CA 95501

## Redwood Coast Energy Authority

## Disbursements Report

As of November 30, 2018

Type	Date	Num	Name	Memo	Amount
Check	11/01/2018	ACH	CoPower	November Premium	-323.90
Liability Check	11/05/2018	E-pay	EDD	499-0864-3 QB Tracking # -1761572478	-3,919.73
Liability Check	11/05/2018	E-pay	Internal Revenue Service	74-3104616 QB Tracking # -1761532478	-19,260.04
Bill Pmt -Check	11/08/2018	ACH	The Energy Authority	CAISO Invoice #20181107	-565.64
Liability Check	11/09/2018	E-pay	EDD	499-0864-3 QB Tracking # -1560217478	-149.29
Liability Check	11/09/2018	E-pay	Internal Revenue Service	74-3104616 QB Tracking # -1560192478	-723.88
Paycheck	11/09/2018	8938	Paycheck	Payroll	-2,728.22
Check	11/09/2018	8939	NEM Customers	NEM Account Close Outs	-1,042.78
Bill Pmt -Check	11/09/2018	8960	ABC Office Equipment	Copier maintenance	-603.68
Bill Pmt -Check	11/09/2018	8961	Arcata Technology Center	Site Host Reimbursement 07/01/18-09/30/18	-560.56
Bill Pmt -Check	11/09/2018	8962	Bicoastal Media, LLC	Community Outreach Advertising	-495.00
Bill Pmt -Check	11/09/2018	8963	Blondie's Food & Drink	Blondie's self-install rebate/Audit 5571.	-1,462.23
Bill Pmt -Check	11/09/2018	8964	Blue Lake Rancheria	Site Host Reimbursement 07/01/18-09/30/18	-280.04
Bill Pmt -Check	11/09/2018	8965	Bob White Electric	Audit rebates	-2,143.49
Bill Pmt -Check	11/09/2018	8966	Boudreau, D.	Travel reimbursement: LGSEC Disasters & Energy F	-105.51
Bill Pmt -Check	11/09/2018	8967	Braun Blaising Smith Wynne	Legal Services - Regulatory	-1,887.65
Bill Pmt -Check	11/09/2018	8968	Burks, K.	Travel reimbursement	-220.30
Bill Pmt -Check	11/09/2018	8969	California Fuel Cell Partnership	Sustainable Futures Speaker Stipend	-800.00
Bill Pmt -Check	11/09/2018	8970	Campbell, A.	Travel reimbursements	-110.75
Bill Pmt -Check	11/09/2018	8971	Central Avenue Service Center	Central Ave. self-install rebate/Audit 5477	-663.84
Bill Pmt -Check	11/09/2018	8972	Chapman, R.	October mileage reimbursement	-48.23
Bill Pmt -Check	11/09/2018	8973	Cissna, A.	October travel reimbursement	-109.66
Bill Pmt -Check	11/09/2018	8974	City of Arcata	Community Center self-install rebate/Audit 4226.	-8,139.00
Bill Pmt -Check	11/09/2018	8975	City of Blue Lake	Site Host Reimbursement 07/01/18-09/30/18	-106.62
Bill Pmt -Check	11/09/2018	8976	City of Eureka-Water	Water	-341.89
Bill Pmt -Check	11/09/2018	8977	City of Eureka - REVNet	Site Host Reimbursement 08/06/18-09/30/18	-205.10
Bill Pmt -Check	11/09/2018	8978	City of Trinidad	Site Host Reimbursement 07/01/18-09/30/18	-90.29
Bill Pmt -Check	11/09/2018	8979	Coastal Grove Charter School	Coastal Grove self-install rebate/Audit 3440.	-4,811.60
Bill Pmt -Check	11/09/2018	8980	Colburn Electric	EV Station Maintenance	-9,052.21
Bill Pmt -Check	11/09/2018	8981	County of Glenn	Fuel Cell Project Outreach	-2,000.00
Bill Pmt -Check	11/09/2018	8982	County of Tehama	Fuel Cell Project Outreach	-1,992.50
Bill Pmt -Check	11/09/2018	8983	Diamond, Nancy	Legal services	-6,833.00
Bill Pmt -Check	11/09/2018	8984	Donald Dame	Professional Services	-232.75
Bill Pmt -Check	11/09/2018	8985	Eureka City Schools	Eureka High School self-install rebate/Audit 5231.	-7,124.27
Bill Pmt -Check	11/09/2018	8986	FedEx	Shipping Res kits	-77.15
Bill Pmt -Check	11/09/2018	8987	GHD	Site Host Reimbursement 07/01/18-09/30/18	-279.50
Bill Pmt -Check	11/09/2018	8988	Greenview Market	Greenview Market self-install rebate/Audit 5154	-1,425.18
Bill Pmt -Check	11/09/2018	8989	Headwaters Fund	RCEA loan October2018 Interest 3846000 800190	-50,000.00
Bill Pmt -Check	11/09/2018	8990	Hilson, D.	October mileage reimbursement	-32.92
Bill Pmt -Check	11/09/2018	8991	HSU Fdn - ACV	Professional services	-19,899.74
Bill Pmt -Check	11/09/2018	8992	HSU Fdn FCEV ARV-14-055	Professional services	-10,376.36
Bill Pmt -Check	11/09/2018	8993	Humboldt Lighting, LLC.	Audit rebates	-19,151.65
Bill Pmt -Check	11/09/2018	8994	Indianola Market	Indianola Market self-install rebate/Audit 5366.	-825.00
Bill Pmt -Check	11/09/2018	8995	Larry Debeni	US Fish & Wildlife install rebate/Audit 5437.	-3,917.62
Bill Pmt -Check	11/09/2018	8996	Mattio, B.	October travel reimbursement - Water Heater Summ	-184.96
Bill Pmt -Check	11/09/2018	8997	McKeever Energy & Electric, Inc.	Audit rebates	-4,750.40
Bill Pmt -Check	11/09/2018	8998	McKinleyville Chevrolet Buick	McK Chev. Buick self-install rebate/Audit 5404.	-4,376.66
Bill Pmt -Check	11/09/2018	8999	McMahon, J.	October mileage reimbursements	-167.72
Bill Pmt -Check	11/09/2018	9000	Myrtle Avenue Market	Myrtle Ave. Market self-install rebate/Audit 5489	-489.00
Bill Pmt -Check	11/09/2018	9999	North Coast Cleaning	October Cleaning Service	-402.00
Bill Pmt -Check	11/09/2018	10000	North Coast Ophthalmology	North Coast Oph. self-install rebate/Audit 5481	-347.77
Bill Pmt -Check	11/09/2018	10001	North Coast Unified Air Quality	Site Host Reimbursement 007/01/18-09/30/18	-184.65
Bill Pmt -Check	11/09/2018	10002	Northern Humboldt Union HSD	Arcata High Self-install Rebate / Audit 5497	-11,258.21
Bill Pmt -Check	11/09/2018	10003	Recology	October garbage service	-90.72
Bill Pmt -Check	11/09/2018	10004	Solomon, J.	October mileage reimbursement	-66.93
Bill Pmt -Check	11/09/2018	10005	St. Joseph Hospital	Site Host Reimbursement 07/01/18-09/30/18	-511.92
Bill Pmt -Check	11/09/2018	10006	Taketa, L.	Purchase reimbursement - office supplies	-10.84



## Redwood Coast Energy Authority

## Disbursements Report

As of November 30, 2018

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	11/09/2018	10007	Pacific Union School Dist	Pacific Union School self-install rebate/Audit 5278	-1,603.57
Bill Pmt -Check	11/09/2018	10008	Pierson's Home Ctr	Facility maintenance	-123.61
Bill Pmt -Check	11/09/2018	10009	Platt/Rexel	VO D: PO #1263 Bulbs	0.00
Bill Pmt -Check	11/09/2018	10010	Ponting, W.	Mileage reimbursement	-86.66
Bill Pmt -Check	11/09/2018	10012	Shafer's Ace	Facility maintenance	-20.03
Bill Pmt -Check	11/09/2018	10013	Terry, P.	October mileage reimbursement	-57.77
Bill Pmt -Check	11/09/2018	10014	Times Printing Company	Printing services	-1,475.46
Bill Pmt -Check	11/09/2018	10015	Tommy Pepe	Clam Beach Tavern install rebate/Audit 5537.	-259.22
Bill Pmt -Check	11/09/2018	10016	Verizon Wireless	October tablet/cell service for field staff/mobile broad	-228.80
Bill Pmt -Check	11/09/2018	10017	City of Arcata	Site Host Reimbursement 07/01/18-09/30/18	-594.88
Bill Pmt -Check	11/09/2018	10018	City of Arcata	October Utility User Tax	-9,195.08
Paycheck	11/09/2018	11091801	Anderson, Austin F.	Payroll - 12/15-12/31/18	-49,752.50
Bill Pmt -Check	11/15/2018	ACH	The Energy Authority	TEA Invoice #20181015	-2,196,083.94
Bill Pmt -Check	11/15/2018	ACH	The Energy Authority	CAISO Invoice #20181114	-31,492.40
Check	11/20/2018		Umpqua Bank	Service Charge	-121.25
Bill Pmt -Check	11/20/2018	ACH	CalPine Corporation	Calpine October 2018 Costs	-72,685.75
Bill Pmt -Check	11/20/2018	ACH	DG Fairhaven	DG Fairhaven October 2018	-366,250.38
Bill Pmt -Check	11/20/2018	ACH	Humboldt Redwood Company	Humboldt Redwood CO. October 2018	-739,078.09
Bill Pmt -Check	11/20/2018	ACH	VISA	October Statement 09/21-10/19/18	-5,493.52
Bill Pmt -Check	11/20/2018	ACH	Staples Charge Account	October Statement	-297.46
Bill Pmt -Check	11/21/2018	ACH	Verizon Wireless	October tablet/cell service for field staff/mobile broad	-228.80
Paycheck	11/21/2018	9001	Paycheck	Payroll	-2,728.21
Paycheck	11/21/2018	11211801	Anderson, Austin F.	Payroll - 1/1-1/15/19	-45,230.43
Bill Pmt -Check	11/26/2018	ACH	The Energy Authority	CAISO Invoice #20181121	-66,532.17
Bill Pmt -Check	11/26/2018	ACH	The Energy Authority	CAISO Invoice #20181121	-62,073.87
Liability Check	11/26/2018	E-pay	EDD	499-0864-3 QB Tracking # -779081378	-3,705.92
Liability Check	11/26/2018	E-pay	Internal Revenue Service	74-3104616 QB Tracking # -779048378	-18,190.06
Liability Check	11/26/2018	9002	Umpqua Bank	74-3104616	-558.36
Liability Check	11/26/2018	9003	Calvert	74-3104616	-10,990.40
Bill Pmt -Check	11/26/2018	9004	Arcata Chamber of Commerce	Membership dues	-381.00
Bill Pmt -Check	11/26/2018	9005	Best Cleaners	Coverall laundering	-15.00
Bill Pmt -Check	11/26/2018	9006	Bithell, M.	Purchase reimbursement	-32.55
Bill Pmt -Check	11/26/2018	9007	Boudreau, D.	October travel reimbursement	-7.00
Bill Pmt -Check	11/26/2018	9008	Braun Blaising Smith Wynne	Legal Services - Regulatory	-3,564.72
Bill Pmt -Check	11/26/2018	9009	Central Office	Homeowners Workshop flyers	-211.58
Bill Pmt -Check	11/26/2018	9010	City of Arcata	October High Energy Use Tax	-2,269.64
Bill Pmt -Check	11/26/2018	9011	City of Blue Lake	October Utility User Tax	-770.23
Bill Pmt -Check	11/26/2018	9012	CSDA	L. Taketa Records Retention Webinars.	-110.00
Bill Pmt -Check	11/26/2018	9013	Developed Employment Services, LLC.	Facilities maintenance work	-73.50
Bill Pmt -Check	11/26/2018	9014	Diamond, Nancy	Legal services	-5,564.00
Bill Pmt -Check	11/26/2018	9015	Enterprise	Car rental fees	-1,344.85
Bill Pmt -Check	11/26/2018	9016	Freshwater School District	Freshwater School self-install rebate/Audit 5604.	-2,433.88
Bill Pmt -Check	11/26/2018	9017	Halvorsen, Nicole	N. Halvorsen Travel: CSDA Training	-149.13
Bill Pmt -Check	11/26/2018	9018	HBMWD	Reimbursement: Long distance phone calls.	-45.83
Bill Pmt -Check	11/26/2018	9019	Horizon Fuell Cell Americas, Inc.	Wind to Hydrogen Educational Kit	-613.97
Bill Pmt -Check	11/26/2018	9020	Marshall, M.	Travel reimbursement: CalCCA BoD Retreat 10/29/1	-92.67
Bill Pmt -Check	11/26/2018	9021	PG&E CCA	October CCE Charges	-21,834.05
Bill Pmt -Check	11/26/2018	9022	PG&E EV Account	EV stations September	-592.66
Bill Pmt -Check	11/26/2018	9023	PG&E Utility Account	September utilities/lighting upgrade financing	-791.23
Bill Pmt -Check	11/26/2018	9024	Platt/Rexel	Bulb purchases	-7,409.14
Bill Pmt -Check	11/26/2018	9025	Solomon, J.	November mileage reimbursement	-8.94
Bill Pmt -Check	11/26/2018	9026	Suddenlink Communications	Internet access	-1,106.21
Bill Pmt -Check	11/26/2018	9027	The Mill Yard	Bracut self-install rebate/Audit 5294.	-4,448.77
Bill Pmt -Check	11/26/2018	9028	Times Printing Company	Miscellaneous printing	-469.57
Bill Pmt -Check	11/26/2018	9029	Winzler, John	Office Lease - December	-4,350.00
Bill Pmt -Check	11/27/2018	ACH	Staples Charge Account	November Statement	-1,245.38
<b>TOTAL</b>					<b>-3,953,034.64</b>

# Redwood Coast Energy Authority

## Balance Sheet

As of November 30, 2018

	<u>Nov 30, 18</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 - Petty Cash	414.35
1050 - GRANTS & DONATIONS 3840	15,204.58
1060 - Umpqua Checking-9271	-105,979.30
1070 - Umpqua Deposit Cntrl Acct 1687	3,792,508.19
1075 - Umpqua Reserve Account 2300	4,000,000.00
8413 - COUNTY TREASURY 3839	5,065.52
<b>Total Checking/Savings</b>	<u>7,707,213.34</u>
<b>Total Accounts Receivable</b>	377,893.48
<b>Other Current Assets</b>	
1101 - Allowance for Doubtful Accounts	-219,198.54
1103 - Accounts Receivable-Other	4,982,818.19
1120 - Inventory Asset	21,715.00
1202 - Prepaid Expenses	-21,454.74
<b>Total 1210 - Retentions Receivable</b>	48,218.53
1499 - Undeposited Funds	486.25
<b>Total Other Current Assets</b>	<u>4,812,584.69</u>
<b>Total Current Assets</b>	<u>12,897,691.51</u>
<b>Total Fixed Assets</b>	<u>151,725.39</u>
<b>Total Other Assets</b>	<u>4,100.00</u>
<b>TOTAL ASSETS</b>	<u><u><b>13,053,516.90</b></u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Total Accounts Payable</b>	1,723,074.72
<b>Total Credit Cards</b>	-1,578.34
<b>Other Current Liabilities</b>	
2001 - Accounts Payable-Other	522,118.36
<b>Total 2100 - Payroll Liabilities</b>	<u>120,871.61</u>
<b>Total 2210 - Retentions Payable</b>	<u>4,258.76</u>
<b>Total Other Current Liabilities</b>	<u>647,248.73</u>
<b>Total Current Liabilities</b>	<u>2,368,745.11</u>
<b>Total Long Term Liabilities</b>	<u>364,769.71</u>
<b>Total Liabilities</b>	<u>2,733,514.82</u>
<b>Equity</b>	
2320 - Investment in Capital Assets	147,113.19
3200 - LTD - Headwaters Loan	-172,960.21
3203 - LTD - TEA Phase I & II	-196,338.81
3900 - Fund Balance	8,537,379.95
Net Income	2,004,807.96
<b>Total Equity</b>	<u>10,320,002.08</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u><b>13,053,516.90</b></u></u>

**Redwood Coast Energy Authority**  
**Profit & Loss Budget vs. Actual**  
 July through November 2018

	<b>Jul - Nov 18</b>	<b>Budget</b>	<b>% of Budget</b>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
<b>5 REVENUE EARNED</b>			
Total 5000 - Revenue - government agencies	39,864.40	111,600.00	35.7%
Total 5100 - Revenue - program related sales	9,369.54	18,000.00	52.1%
Total 5400 - Revenue-nongovernment agencies	583,592.11	1,210,000.00	48.2%
5500 - Revenue - Electricity Sales			
Total 5510 - Electricity Sales	20,190,782.21	51,940,000.00	38.9%
5580 - Uncollectable Accounts	-60,591.00	-160,000.00	37.9%
Total 5500 - Revenue - Electricity Sales	20,130,191.21	51,780,000.00	38.9%
<b>Total 5 REVENUE EARNED</b>	<b>20,763,017.26</b>	<b>53,119,600.00</b>	<b>39.1%</b>
<b>Total Income</b>	<b>20,763,017.26</b>	<b>53,119,600.00</b>	<b>39.1%</b>
<b>Expense</b>			
Total 6 WHOLESALE POWER SUPPLY	15,812,900.70	39,880,000.00	39.7%
Total 7 PERSONNEL EXPENSES	946,077.01	2,253,700.00	42.0%
Total 8.1 FACILITIES AND OPERATIONS	103,157.39	211,400.00	48.8%
Total 8.2 COMMUNICATIONS AND OUTREACH	56,940.24	108,200.00	52.6%
Total 8.3 TRAVEL AND MEETINGS	21,965.77	48,000.00	45.8%
8.4 PROFESSIONAL & PROGRAM SRVS			
8400 - Regulatory	22,390.00	94,600.00	23.7%
8410 - Contracts - Program Related Ser	61,170.44	427,200.00	14.3%
8420 - Accounting	8,775.00	55,000.00	16.0%
8430 - Legal	53,062.23	85,000.00	62.4%
8450 - Wholesale Services - TEA	242,477.45	585,000.00	41.4%
8460 - Procurement Credit - TEA	273,866.92	800,000.00	34.2%
8470 - Data Management - Calpine	436,651.55	1,100,000.00	39.7%
Total 8.4 PROFESSIONAL & PROGRAM SRVS	1,098,393.59	3,146,800.00	34.9%
Total 8.5 PROGRAM EXPENSES	235,359.02	1,268,000.00	18.6%
Total 8.6 INCENTIVES & REBATES	218,764.88	460,000.00	47.6%
Total 9 NON OPERATING COSTS	264,650.70	565,800.00	46.8%
<b>Total Expense</b>	<b>18,758,209.30</b>	<b>47,941,900.00</b>	<b>39.1%</b>
<b>Net Ordinary Income</b>	<b>2,004,807.96</b>	<b>5,177,700.00</b>	<b>38.7%</b>
<b>Reserve Contributions</b>	<b>1,500,000.00</b>	<b>3,000,000.00</b>	<b>50.0%</b>
<b>Net Income</b>	<b>504,807.96</b>	<b>2,177,700.00</b>	<b>23.2%</b>



**STAFF REPORT**  
**Agenda Item # 3.4**

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Mahayla Slackerelli
SUBJECT:	Update to Community Choice Energy Terms and Conditions

**SUMMARY**

Staff is working towards collecting overdue charges from Community Choice Energy customers. In order to implement overdue accounts collections, staff proposes to add specificity to the portion of the Terms and Conditions of the Community Choice Energy program relating to failure to pay.

**FINANCIAL IMPACT**

Changing the Terms and Conditions will have no direct financial impact. However, as of November 2018, RCEA holds over \$300,000 in collectable customer debt. Industry standard for collections is a 20% recovery rate.

**RECOMMENDED ACTION**

Approve the updated Terms and Conditions for the Community Choice Energy Program.

**ATTACHMENT**

1. A. Original Terms and Conditions section titled "Failure to Pay" and  
B. Proposed Terms and Conditions section titled "Failure to Pay."

A. Original Terms and Conditions section titled "Failure to Pay"

**FAILURE TO PAY:** Redwood Coast Energy Authority may transfer your account to PG&E upon 60 calendar days' written notice if you fail to pay your bill.

B. Proposed Terms and Conditions section titled "Failure to Pay"

**FAILURE TO PAY:** Redwood Coast Energy Authority customer accounts overdue for more than 90 days will be sent a late payment notification. If payment is not received by the date specified in the notice, the customer will receive a second notification. If payment in full is not received by the date specified in the second notification, or the terms of an agreed-to payment plan are not fulfilled, the customer account may be returned to Pacific Gas & Electric Company (PG&E) generation service on the next account meter read date. RCEA may retain any customer deposit. Customers will be obligated to pay RCEA for services provided through the date of transfer, including any transfer or termination fee.

RCEA accounts with overdue amounts may be referred to a collection agency. Collection agencies retained by RCEA shall be vetted to ensure all consumer protection laws are strictly followed. RCEA shall periodically review the practices and results of any retained collection agency or agencies, taking immediate action to address any concerns that may arise.





**STAFF REPORT**  
**Agenda Item # 3.5**

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	2019 Board Meeting Calendar

**BACKGROUND**

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Each year at its January board meeting the RCEA Board of Directors sets its calendar of regular meeting dates. Attached is a calendar of proposed meeting dates that fall primarily on the fourth Thursday of the month. The proposed meeting dates in November and December 2019 fall on the third Thursday of the month to adjust for November and December holidays.

**STAFF RECOMMENDATION**

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Approve the 2019 RCEA Board meeting calendar.

**ATTACHMENTS:**

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Proposed 2019 Board meeting calendar.

# **Redwood Coast Energy Authority**

## **Board of Directors**

### **PROPOSED 2019 REGULAR MEETING SCHEDULE**

**Meetings scheduled to start at 3:30 p.m.**

February 28	(4 <sup>th</sup> Thursday)
March 28	(4 <sup>th</sup> Thursday)
April 25	(4 <sup>th</sup> Thursday)
May 23	(4 <sup>th</sup> Thursday)
June 27	(4 <sup>th</sup> Thursday)
July 25	(4 <sup>th</sup> Thursday)
August 22	(4 <sup>th</sup> Thursday)
September 26	(4 <sup>th</sup> Thursday)
October 24	(4 <sup>th</sup> Thursday)
November 21	(3 <sup>rd</sup> Thursday) (Thanksgiving is Thursday, November 28)
December 19	(3 <sup>rd</sup> Thursday) (Christmas is Wednesday, December 25)
January 23, 2020	(4 <sup>th</sup> Thursday)



# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 5.1

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Fiscal Year 2016-17 Independent Fiscal Auditor's Report

### SUMMARY

David L. Moonie & Company, RCEA's independent fiscal auditors, have completed the audit of the 2016-17 fiscal year. [Their audit report](#) was presented to and accepted by the Board at the December meeting.

Matt Hague, David L. Moonie & Company's lead auditor for RCEA, provided a report to the RCEA Board Ad Hoc Finance Subcommittee on December 12, 2018. He was not available to present the report to the Board in person at the December 17 meeting, but will make an oral presentation to the full Board and answer questions at this meeting.

Staff is preparing materials for the Fiscal Year 2017-18 audit so the process can move forward expeditiously and RCEA can be up-to-date in time for the current year audit to begin on-schedule and be completed in a timely fashion.

### RECOMMENDED ACTION

None – Information only.

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**STAFF REPORT**  
**Agenda Item # 6.1**

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Lori Taketa, Clerk of the Board
SUBJECT:	Election of Officers

**BACKGROUND**

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By simple majority vote, the RCEA Board selects its Chair and Vice Chair every year at its January meeting. The responsibilities of the Chair include:

- Conducting the monthly and special meetings
- Attending the monthly agenda review meeting
- Being available to sign checks when necessary

The Vice Chair's responsibilities include:

- Conducting the monthly and special meetings when the Chair is unable to
- Attending the monthly agenda review meeting when the Chair is unable to
- Being available to sign checks when necessary

The Chair and Vice Chair will need to make themselves available soon after the January meeting to complete the appropriate signature forms to be filed with RCEA's banking institution.

**STAFF RECOMMENDATION**

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Select the RCEA Board Chair and Vice Chair.



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# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 6.2

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Finance Subcommittee

### SUMMARY

At the Board's December 17 meeting, the Directors requested discussion of a standing Finance Subcommittee on this meeting's agenda. The Directors stated the following reasons for creating the subcommittee:

- enhance public transparency of RCEA's financial transactions,
- increase the Board's understanding of energy procurement processes and
- support a continuing knowledge base for informed decision making despite the Board's changing composition.

### DISCUSSION

#### Current RCEA Board Subcommittees

Board Directors currently serve on two ad hoc, temporary subcommittees, the Offshore Wind Phase I Subcommittee and the Finance Subcommittee.

The Ad Hoc Offshore Wind Phase I Subcommittee was established at the June 18, 2018, RCEA Board meeting to provide input and guidance to staff, bring recommendations to the Board, and engage with staff between regular Board meetings on the project. This temporary subcommittee disbands after the Offshore Wind Project Company secures project area site control from BOEM at the end of Phase 1. Members of this subcommittee are Directors Allison and Fennell, Vice Chair Winkler, and Chair Woo.

The Ad Hoc Finance Subcommittee was established at the June 18, 2018, RCEA Board meeting to study the FY 2019-20 budget, help set the FY 2019-2020 budget, and provide input on information the Board needs to assess the proposed budget. This temporary subcommittee will disband after the FY 2019-2020 budget is set in June 2019. Members of this subcommittee are Director Wilson, Vice Chair Winkler, and Chair Woo. This subcommittee could be disbanded early if the Board establishes a Standing Finance Subcommittee a determines that it is redundant to continue two finance-related subcommittees.

## **Standing Finance Subcommittee Formation Considerations**

Staff reviewed finance-related committees in different CCAs, researching the committees' scope of duties, membership and quorum, and meeting frequency. Of the Brown Act complying bodies reviewed, meeting frequency was either quarterly or as needed, and all were comprised of well under the full Board quorum of Directors.

### **RECOMMENDED ACTION**

Create a standing Finance Subcommittee comprised of up to 4 Board Directors to meet as needed to work with staff and advise the Board of Directors on matters relating to audit, finance and budget.

Appoint up to four Directors to the Finance Subcommittee for one-year terms ending on the first regular Board meeting of each year.

The Board may also wish to disband the FY19-20 Ad Hoc Finance Subcommittee.

### **ATTACHMENT**

None.

## **STAFF REPORT**

### **Agenda Item # 6.3**

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	Community Advisory Committee Liaison and Member Appointment

#### **SUMMARY**

RCEA's Community Advisory Committee (CAC) was established by the Board to support RCEA public engagement efforts and to provide decision-making support and input to the Board. The Board liaison, Director Michael Sweeney, stepped down from the RCEA Board of Directors after the December 17, 2018, meeting and a new Board liaison must be appointed.

Membership terms for six of the CAC's 13 currently-seated members will expire on April 9, 2019. Staff requests appointments for the six upcoming vacancies.

A summary of CAC's January 8, 2019, meeting is provided below.

#### **DISCUSSION**

##### **Board Liaison**

The Board's Operating Guidelines state that the Board will appoint at least one RCEA Board member as a CAC liaison that will attend CAC meetings, but will not vote. The role of the Board liaison as outlined in the CAC Charter is: to contribute content knowledge and Board perspective at CAC meetings; encourage participation and help create a civil, collaborative environment; communicate committee recommendations and perspectives to the Board; and participate as a non-voting member. Former Director Sweeney served as Board liaison in 2018. Staff requests appointment of another liaison to serve through December 2019.

##### **CAC Member Term Expirations**

The six CAC Director-nominated members with terms expiring on April 9, 2019, are:

- Norman Bell – Arcata
- Kit Mann – Blue Lake
- Kathy Srabian – Eureka
- Richard Johnson – Trinidad
- Luna Latimer – County – Eastern Humboldt
- Chair Matty Tittman – County – Southern Humboldt.

All six have expressed a desire to continue their service for a two-year term ending on April 13, 2021. The Directors from their respective municipalities have expressed a desire to nominate these members for continued service. Staff requests Board reappointment of the six committee members.

**January 8, 2019, CAC Meeting**

The Community Advisory Committee held its regular, quarterly meeting on January 8. The Committee received Community Choice Energy and CCE-funded customer program updates; formed an ad hoc outreach messaging subcommittee to provide staff with input on community engagement strategies for the first quarter of 2019; and discussed a proposal to recommend raising RCEA's power procurement targets to 100 percent clean and renewable electricity by 2025 without modifying other existing RCEA targets, and establish a process to obtain public input on the definitions of "clean" and "renewable." This discussion item will be placed on a Board agenda at a subsequent meeting.

**STAFF RECOMMENDATION**

Appoint a Board Liaison to the Community Advisory Committee to serve through December 2019.

Reappoint Norman Bell, Kit Mann, Kathy Srabian, Richard Johnson, Luna Latimer and Matty Tittman to the Community Advisory Committee for terms expiring April 13, 2021.

**ATTACHMENTS**

None.



# REDWOOD COAST **EnergyAuthority**

## **STAFF REPORT** **Agenda Item # 6.4**

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director
SUBJECT:	PG&E Update

### **SUMMARY**

Executive Director Matthew Marshall and Jeff Fuller of The Energy Authority (TEA) will provide an update on PG&E bankruptcy proceedings and possible impacts on RCEA.

### **RECOMMENDED ACTION**

None. Information only.

### **ATTACHMENTS**

None.

Materials Submitted

After Agenda

Publication

Agenda Item #6.4

**From:** [ja savage](#)  
**To:** [Lori Taketa](#)  
**Cc:** [REDACTED]  
**Subject:** PG&E's bankruptcy & nuclear waste  
**Date:** Sunday, January 20, 2019 2:08:13 PM

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Jan. 20, 2019

J.A. Savage  
RCEA Board  
[REDACTED]  
Eureka, CA [REDACTED]  
Trinidad

Re: PG&E Bankruptcy

Dear Board:

Since your last meeting, PG&E's began preparing to file bankruptcy. I assume you and counsel are all thinking about it:

"Sure, it would be great to take over the production facilities right here at King Salmon, but, oh that pesky nuclear waste." I hope you come up with a plan long before one is forced on the county by bankruptcy court.

PG&E may have stuffed most of the radioactive waste in concrete casks at Humboldt Bay, but remember, those casks are only meant to last a century or so, and that's not counting sea level rise and whatever other challenges nature or sabotage throws its way. So, if RCEA is looking to buy-out PG&E's generation facilities to avoid being beholden to a new, unregulated supplier at the site, you should be the first to get that waste taken care of by a long-lived, dedicated public agency.

If there's not already communications started between RCEA and nuclear community choice neighbors in San Luis Obispo (MBCP), I hope RCEA initiates one.

I assume it will be the opposite of a 'power grab.' Federal, state, and financial entities will all want to duck taking over PG&E's radioactive liability.

If community choice comes up with an early plan to create a new public entity to care for nuclear waste in perpetuity, it ease the way as responsibly as possible.

I support "municipalizing" or, um, "commchoiceizing." I hope the courts and the state will determine a way to allow us to finance it while allowing a new public board to free community choice from radioactive liability.

Yours Truly,  
J. A. Savage  
[REDACTED]



cc: County Supervisor Madrone

From: [ja savage](#)  
To: [Lori Taketa](#)  
Subject: addendum letter on PG&E bankruptcy  
Date: Monday, January 21, 2019 7:36:55 AM

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If the board is interested in a little more info on how PG&E wanted to treat nuclear waste in its last bankruptcy, see below. I was an energy journalist for many decades and spent a lot of time in bankruptcy court during PG&E's first bankruptcy. While those stories have been lost in laptop changeovers during the years (didn't think that it would come up again, sigh), I do have this synopsis of what PG&E attempted at the time for the Humboldt and Diablo plants.

*Written circa 2010*

The nuclear industry discovered it can use limited liability corporations to shield itself from economic risk from the power plants—leaving the economy as a whole to soak up losses if and when the new corporations' power plants have an accident or other asset-threatening event. Utilities are not always successful in setting up an LLC to hold the power plants. Limited liability corporations are shell corporations backed by letters of credit.

California narrowly avoided being forced to have Diablo Canyon put into one of these shell corporations. When PG&E filed for bankruptcy in 2001, PG&E attempted to rearrange its Diablo Canyon ownership through that federal court. Bankruptcy court, unlike other courts, is only set up to protect those to whom the company owes money. While the court clearly did not like putting the nuclear plant's ownership in a LLC, there was no legal reason to preempt it. The only reason that PG&E still owns the plant outright is because it settled the case outside bankruptcy court. Before that settlement, PG&E envisioned its nuclear operations post-bankruptcy being organized under a "Gen" affiliate. That company would have operating authority over the reactors, but in turn, a Gen subsidiary, called Diablo Canyon LLC, would own the plant. But to be even more confusing, Gen would lease back Diablo Canyon from the subsidiary and operate the reactors. According to documents filed at the NRC, management of PG&E's reactors would have been at the sole discretion of the non-state-regulated subsidiary—it would not have a board of directors.

In addition to keeping management of nuclear plants out of state regulation, the shell corporation would have received the \$1.1 billion in funds accumulated to decommission the reactors. That money had been set up by the state to be out of reach of the utility, but under bankruptcy court, PG&E could have made the switch.

Another corporate strategy widely used by utilities is called "ringfencing." States have allowed utilities to set up parent holding companies outside of the utilities that operate nuclear power plants. The underlying reason states have gone for this set up is to protect utilities, and their ability to deliver electricity to customers, from financial losses from affiliate companies. For instance, a utility has a subsidiary that invests in a chain of sports retail stores, like SoCal Gas did. The chain of retail stores ends up being a loser investment. If a utility is ringfenced from its subsidiaries, then such losses stay with the subsidiary and do not become the problem of the utility. However, if a utility gets into trouble, its parent company cannot be forced to bail it out.

PG&E's bankruptcy was an interesting case in the weakness of ringfencing. Right before the utility filed for Chapter 11 protection in bankruptcy court, it sent \$5 billion, yes


billion, to its parent company. The parent company did nothing to keep PG&E out of bankruptcy. The state spent years in litigation trying to get that money back—so far, unsuccessfully, but the case proceeds in state court. The money was just gone—disappearing into the pockets of the parent company.

Beware of bankruptcies for other reasons. Bankruptcy court can be haven for environmental scofflaws. Bankruptcy protection can be used to flout environmental laws and leave nuclear power plants without enough funds to operate safely. Not that there are too many big companies right now with shaky financials or anything—big energy companies like say, Enron, whose operations entail certain environmental consequences—but just say there are a few.

PG&E brought well-known Harvard law professor Laurence Tribe to bankruptcy court to argue that paying back PG&E's creditors by allowing the utility to pursue its spin-off plan is supported by federal law and federal law only. Tribe maintained there is no health and safety consideration strong enough to allow California law to interfere with federal bankruptcy law—in which paying back the creditors is all that matters. "If state and local laws that are said to obstruct this plan ... are preempted, [the company] does so with full authority of Congress," said Tribe. Although in PG&E's case, Bankruptcy Court Judge Dennis Montali agreed that state environmental law cannot be overridden so easily by having a corporation simply declares bankruptcy. His decision was then declared incorrect by U.S. District Court Judge Vaughn Walker. Walker's decision made new federal precedent by siding with PG&E. The utility, or any other corporation declaring bankruptcy, can now make its plans without consideration of local planning laws, state environmental laws, the Coastal Commission and any number of other agencies that would otherwise be involved with a sale or transfer of assets, like a nuclear power plant, that might have social and environmental impact.

In other words, all those years of scraping and fighting for local environmental law goes down in flaming defeat when the stock market comes into play.

J. A. Savage



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# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 7.1

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Jocelyn Gwynn, CCE Program Specialist
SUBJECT:	Board Weighted Voting Revision

### SUMMARY

RCEA's Joint Powers Agreement ("Agreement") establishes a weighted voting protocol for community choice energy matters on the agenda requiring a Board vote. Vote weighting is based on the number of electric accounts in each voting member's jurisdiction. The original weighting adopted by the Board was calculated based on the number of electric accounts in December 2014. The Agreement calls for this weighting to be updated every two years and it was thus recalculated based on customer accounts as of January 1, 2019.

The attached table shows the previous distribution and the recalculation. The sole change in the distribution of the 100 weighted votes was for one vote to migrate from the County of Humboldt to the City of Arcata.

### FINANCIAL IMPACTS

The redistribution of weighted voting is an administrative change with no direct financial impacts.

### RECOMMENDED ACTIONS

None – informational only.

### ATTACHMENTS

Updated Weighted Voting Table

**Redwood Coast Energy Authority  
Joint Powers Agreement**

**Board Voting Shares for Community Choice Aggregation Business  
Updated January 2019**

<b>Jurisdiction</b>	<b>Electric customer accounts (Jan 2019)</b>	<b>Percentage of total accounts (jurisdiction's accounts divided by total accounts)</b>	<b>Customer Base Voting Share (67 x ratio of accounts)</b>	<b>Pro Rata Voting Share (33 x [1/number of Directors])</b>	<b>Total votes, prior to rounding</b>	<b>TOTAL VOTES</b>	<b>PRIOR VOTES</b>
City of Arcata	8,023	12.97%	8.69	4.125	12.81	13	12
City of Blue Lake	635	1.03%	0.69	4.125	4.81	5	5
City of Eureka	13,102	21.18%	14.19	4.125	18.31	18	18
City of Ferndale	876	1.42%	0.95	4.125	5.07	5	5
City of Fortuna	5,179	8.37%	5.61	4.125	9.73	10	10
City of Rio Dell	1,418	2.29%	1.54	4.125	5.66	6	6
City of Trinidad	271	0.44%	0.29	4.125	4.42	4	4
County of Humboldt (unincorporated)	32,363	52.31%	35.05	4.125	39.17	39	40
<b>Total</b>	<b>61,867</b>	<b>100%</b>	<b>67</b>	<b>33</b>	<b>100</b>	<b>100</b>	<b>100</b>

- Due to rounding, totals will differ at various stages of the calculation process.
- The percentages of total accounts are rounded to two decimal places prior to calculating the Customer Base Voting Share.
- Customer Base Voting Share = 67 multiplied by the % of total accounts, rounded to two decimal places.
- Total votes are the sum of the Pro Rata Voting Share and the Customer Base Voting Share, rounded to the nearest whole number.
- The allocation of voting shares will be updated every two years, and as-needed to adjust for changes in the make-up of jurisdictions participating in the CCA.



# REDWOOD COAST EnergyAuthority

## STAFF REPORT Agenda Item # 7.2

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources
SUBJECT:	Energy Risk Management Quarterly Report

### SUMMARY

Jeff Fuller of The Energy Authority (TEA) and RCEA staff will provide an Energy Risk Management quarterly program update.

### RECOMMENDED ACTION

Accept Energy Risk Management Quarterly Report.

### ATTACHMENTS

January 2019 Energy Risk Management Quarterly Report slide presentation.





# Redwood Coast Energy Authority

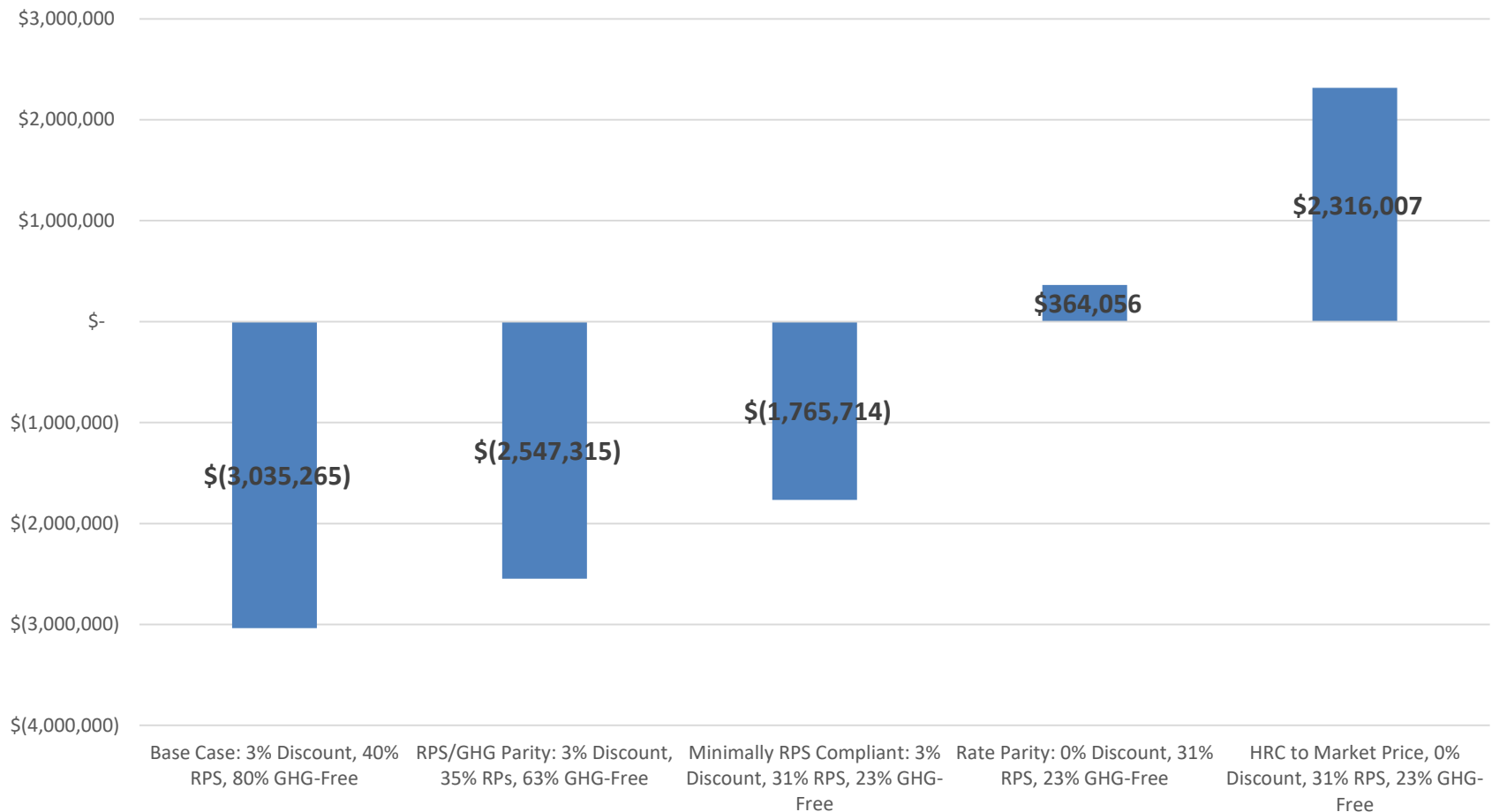
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Quarterly Board Update on Risk  
Management Team Activities

January 28, 2019

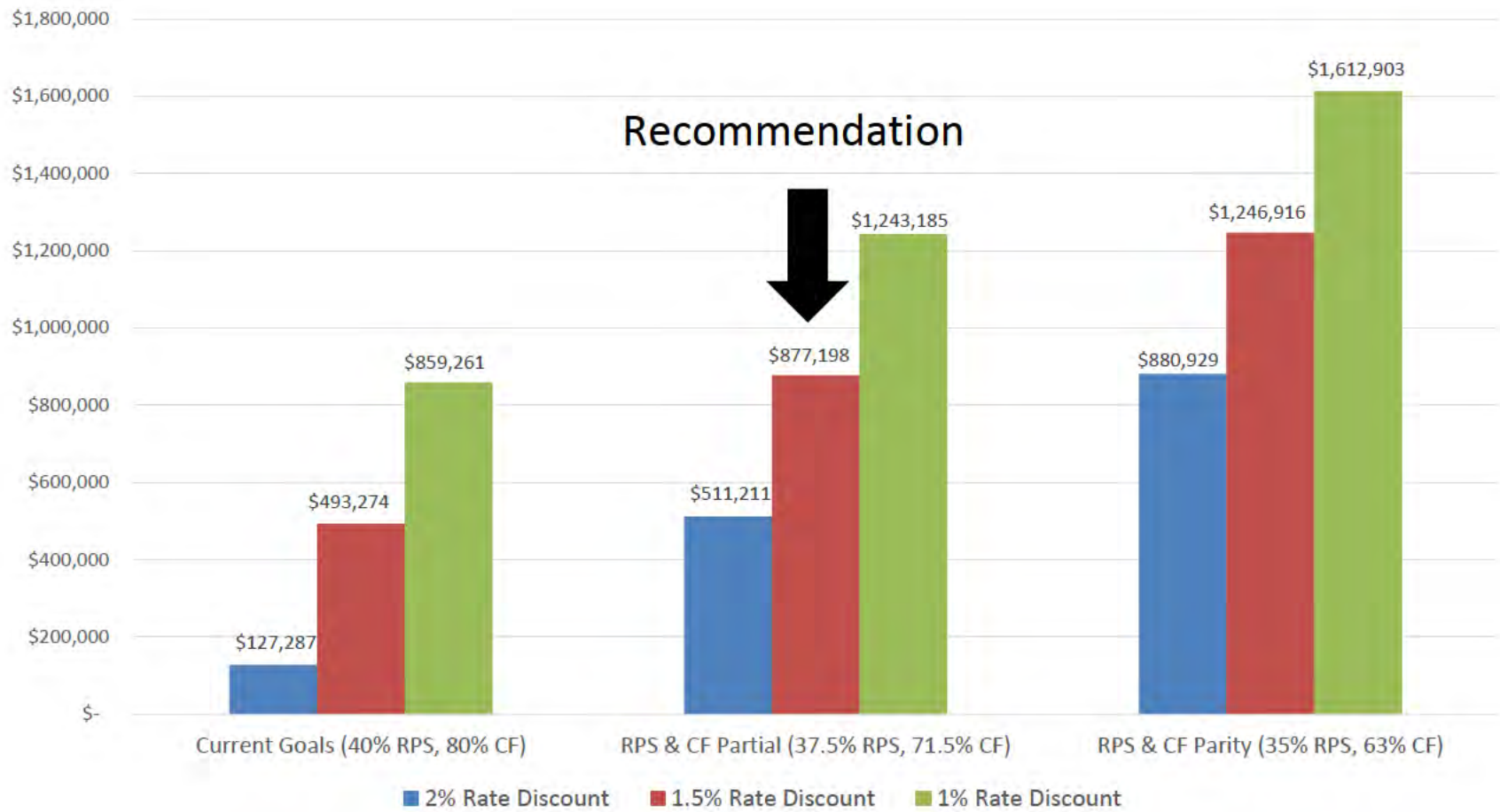
# 2019 Net Revenue Forecast

## November 19, 2018 Board Meeting



# 2019 Net Revenue: Scenario Analysis

## January 14, 2019 RMT Meeting



# Proposed Changes to Program Goals in 2019

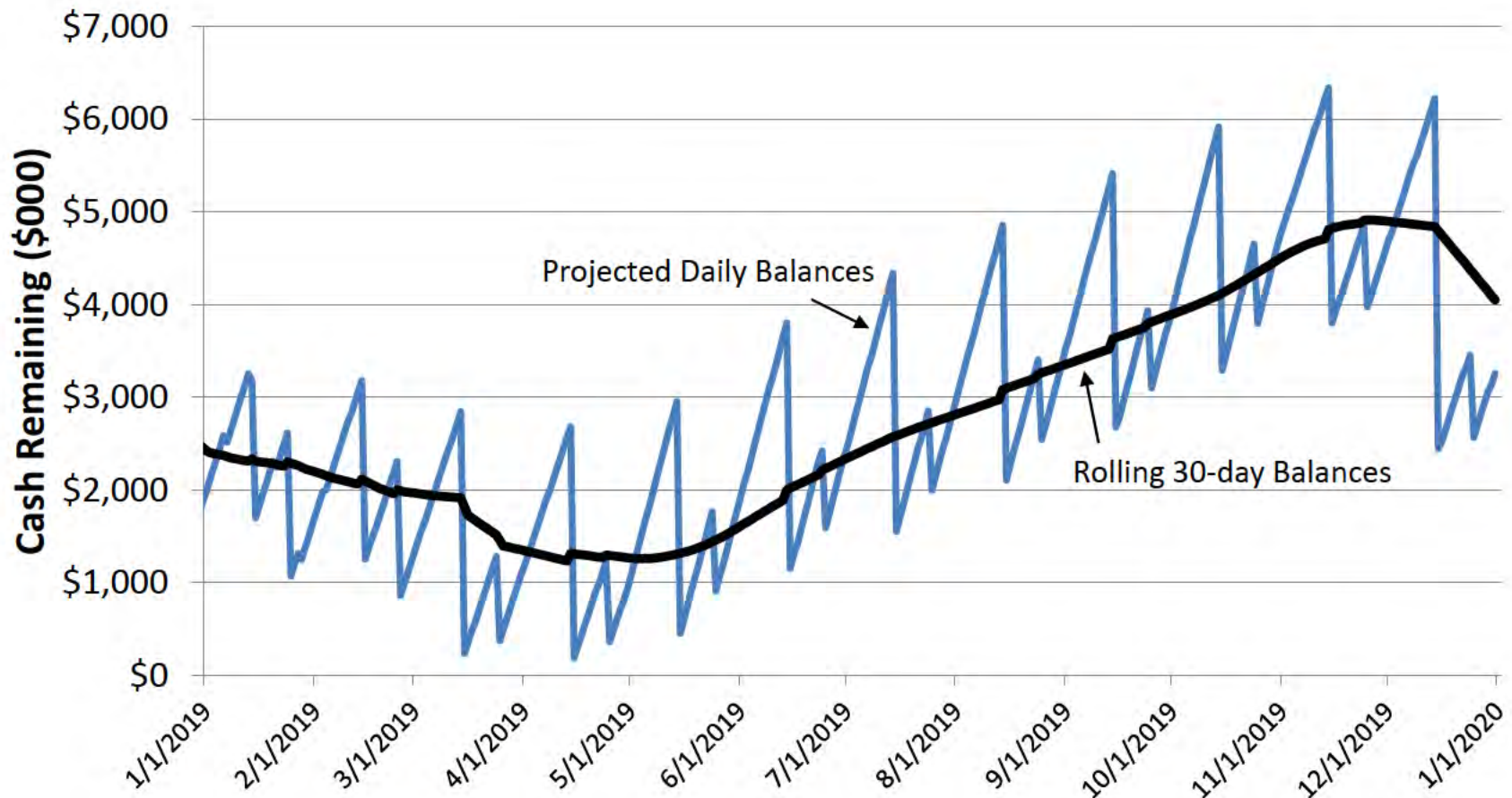
	Model Change	Previous 2019 Value (\$/MWh)	Updated 2019 Value (\$/MWh)	Impact: 2019 Net Revenue (\$M)
1	<i>HSC Contract Update (complete)</i>	<i>\$83.00/MWh</i>	<i>\$65.00/MWh</i>	<i>+1.75</i>
2	<i>PG&amp;E Generation Rate Update</i>	<i>\$102.44/MWh</i>	<i>\$104.97/MWh</i>	<i>+1.72</i>
3	RCEA Rate Discount*	3%	1.5%	+1.10
4	RCEA Customer Programs*	\$633,333	\$250,000	+0.38
5	RCEA Carbon-Free Power*	80%	71.5%	+0.21
6	RCEA RPS*	40%	37.5%	+0.19
7	Other Costs			+0.05
	<b>Total</b>			<b>+5.40**</b>

\*RCEA policy goals are at the discretion of the RCEA Board. These model updates are intended to be illustrative and were based on discussion with RCEA staff.

\*\*Numbers may not sum due to rounding. Values shown reflect change from December 2018 RMT meeting rather than November 2018 Board Meeting.

# Projected Operating Account Balance:

1.5% Rate Discount, 37.5% RPS, 71.5% CF



Reserve Fund Balance equal to \$5 million not included in this chart.

38

# Other Risk Management Team Updates

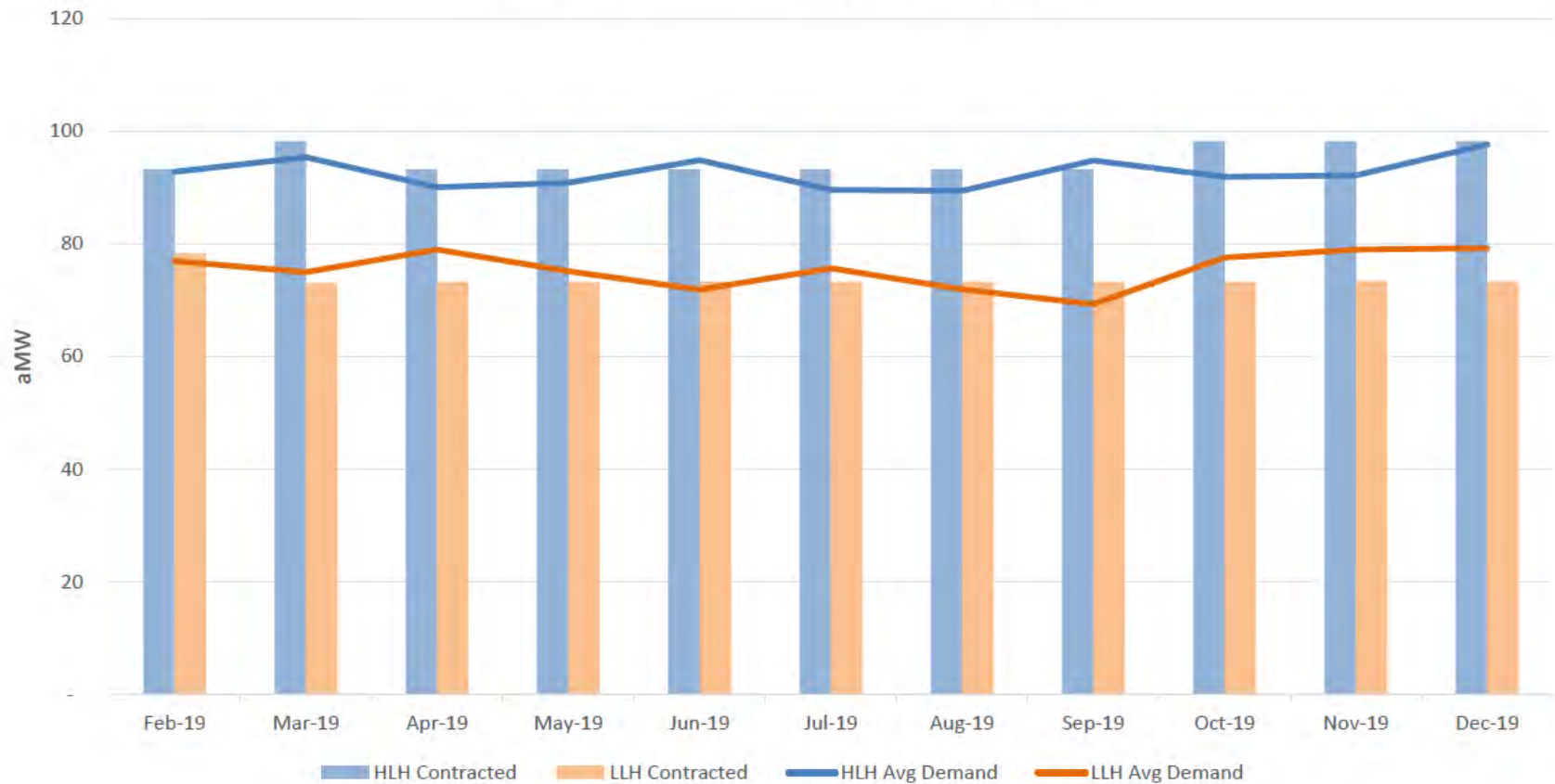
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- RCEA well hedged against market price risk in 2019
  - Incremental hedging in select months may occur closer to delivery
  - Additional fixed priced baseload energy is not required at this time
- Hedging in 2020 and 2021 continuing
  - Updating hedging strategy under new PCIA
- Still finalizing PCC2 (out of state renewable energy) and Carbon Free energy for 2019 delivery
- RCEA staff has identified several procedures in ERMP that have not been implemented that we are working to correct in Q1-19



# RCEA Peak and Off-Peak Positions

RCEA Fixed-Price Energy Position, 2019





**STAFF REPORT**  
**Agenda Item # 7.3**

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Matthew Marshall, Executive Director Richard Engel, Director of Power Resources
SUBJECT:	CCE Customer Rate Setting for 2019

**SUMMARY**

RCEA last adjusted its retail electric rates in March 2018, adopting a 3% discount relative to PG&E's generation rates. Like last year PG&E has delayed their 2019 rate update and is expected to next adjust its retail generation rates and adopt a new Power Charge Indifference Adjustment (PCIA) in March 2019. The PCIA is a charge paid by all community choice energy (CCE) customers as part of their electric bill. Based on last year's California Public Utilities Commission decision allowing the PCIA to significantly increase, and a forecast that PG&E's generation rates will be reduced on average, RCEA's CCE program faces greater financial constraints in 2019 than in the previous years.

One way to address this challenge is to temporarily reduce our generation rate discount relative to PG&E's. Staff propose that a reduction to 1.5% for the remainder of 2019 will help to preserve financial reserves in 2019, while still providing rate savings to customers countywide as well as leaving some budget flexibility available to support RCEA's other programmatic goals.

RCEA's CCE implementation plan calls for customers to be provided with a 60-day notification period when rates are changed. Staff propose that publication of this staff report be considered the beginning of this 60-day period, allowing new rates to be implemented in late March, shortly after PG&E is expected to implement its own rate change.

Since PG&E generation rates are projected to on average be reduced in March, the proposed approach of the Board approving RCEA's 2019 rates at a set percentage below PG&E's final rates allows RCEA to implement the final rate change immediately after PG&E's 2019 rates are actually known, which will minimize the time frame during which RCEA rates could be temporarily higher than PG&E's corresponding rates. Staff would publish the full, detailed rate schedule as soon as the final PG&E rates are known in advance of RCEA's rate changes going into effect.

**FINANCIAL IMPACTS**

Adjusting the customer electric discount rate relative to PG&E from 3% to 1.5% will result in about \$1 million in additional revenue while still delivering projected annual customer rate savings county wide of approximately \$1 million compared to PG&E rates (inclusive of the PCIA).

**RECOMMENDED ACTIONS**

Approve 2019 RCEA customer electricity rates at 1.5% below PG&E generation rates, inclusive of all PG&E charges to CCA customers.



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# REDWOOD COAST Energy Authority

## STAFF REPORT Agenda Item # 7.4

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Lori Biondini, Director of Business Planning and Finance Allison Campbell, Power Resources Manager Patrick Owen, DSM Project Manager
SUBJECT:	Renewable Energy Request for Proposals

### SUMMARY

At its November 2018 meeting in item 9.5, the Board directed staff to prepare all materials needed for a renewable energy solicitation and bring these to the Board for approval. This renewable energy solicitation is driven by requirements laid forth in SB 350, which amend the California Public Utilities Commission's Renewable Portfolio Standard program. This requirement asks CCAs to procure at least 65% of all power which satisfies the RPS energy as a percent of retail sales from long term contracts of ten years or greater starting with Compliance Period Four (2021 – 2024). The attached materials constitute a complete draft request for proposals (RFP) packet, submitted to the Board for review and approval. General Council has completed an initial review of the Power Purchase Agreement and will conclude revisions upon her return the first week of February. With the Board's approval, staff propose to release the solicitation in February after final review from General Council, with a goal of having one or more projects under contract by summer 2019.

In order to ensure an effective evaluation of proposals responding to the RFP by drawing on a range of expertise inside and outside our organization, staff request Board approval of a team of reviewers as follow:

Name	Affiliation	Expertise
John Miller	County of Humboldt	Land use planning
Lori Biondini	RCEA	Business planning; contract management
Allison Campbell	RCEA	Power procurement; regulatory compliance
Gwelen Paliaga	TRC Advanced Energy Services; City of Arcata Energy Committee	Energy analysis and consulting
Spencer Stewart	The Energy Authority	Energy portfolio management
Jerome Carman	RCEA Community Advisory Committee; Schatz Energy Research Center	Energy analysis and consulting

## **FINANCIAL IMPACTS**

The financial impact of issuing the RFP and subsequently entering into power purchase agreements with the selected Proposers is not known at this time. Staff expects the preference for local and new projects expressed in the RFP to entail some price premium relative to procuring energy from existing and/or non-local projects. The process of reviewing the proposals is expected to show whether there is such a cost premium, and if so, how large it is. The proposal review team will bring recommendations to the Board that seek to balance the goal of bringing new, local renewable energy online with the need to maintain an affordable energy portfolio. The Board will then have the opportunity to consider how best to achieve this balance.

## **RECOMMENDED ACTIONS**

Authorize staff to issue the RCEA 2019 Renewable Energy Request for Proposals.

Approve membership for request for proposals review team.

## **ATTACHMENTS**

Request for Proposals packet, including:

1. RFP Narrative
2. Standard Form Power Purchase Agreement
3. Offer Form
4. Proposer Questionnaire
5. Officer Certification Form
6. Notice of Intent to Submit Proposal



REDWOOD COAST  
**EnergyAuthority**

# RCEA 2019 Renewable Energy Request for Proposals

Issue Date: February 1, 2019

Response Deadline: March 15, 2019, 5 pm PT

Email questions/comments to: [2019\\_RPS\\_RFP\\_Questions@redwoodenergy.org](mailto:2019_RPS_RFP_Questions@redwoodenergy.org)

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## Background and Overview

The Redwood Coast Energy Authority (RCEA) launched its community choice energy program for Humboldt County, California in May of 2017 with the following as one of its core goals:

*Maximize the use of local renewable energy while providing competitive rates to customers.*

The program has now been serving some 60,000 customers for over a year and a half, with approximately 700,000 MWh of annual load. The program provides approximately \$2 million in annual bill savings relative to the investor-owned utility generation rates customers would otherwise pay.

RCEA is launching this Request for Proposals (RFP) with the goal of entering into long-term Power Purchase Agreement(s) (PPA) with one or more renewable energy facilities. RCEA, like other California load-serving entities, is required by SB 350 to procure at least 65% of its required Renewable Portfolio Standard (RPS) energy under long-term contracts starting with California's fourth RPS compliance period (2021-2024). At the time of releasing this RFP, none of RCEA's portfolio is under compliant long-term contracts. RCEA will seek to contract with resources that put our organization on the path to compliance with SB 350 starting as early as 2020. Any PPAs will require approval of RCEA's Board of Directors.

Table 1 shows how RCEA's load, its RPS requirement, and its RPS requirement required to be under long-term contracts are expected to change once SB 350 takes effect.

Table 1. Renewable Portfolio Standard Requirements by Year

	2021	2022	2023	2024	2025	2026	2027
RPS Requirement per SB100 as % of total portfolio	35%	38%	40%	42%	45%	49%	52%
Long term RPS contracts required per SB 350 as % of total portfolio	23%	25%	26%	27%	29%	32%	34%
RCEA projected retail sales (GWh)*	713	721	728	739	742	750	758
RPS power required to be under long-term contracts (GWh)	162	178	189	202	217	239	256

\*source: RCEA load forecast by The Energy Authority. These projected load values are used here for general indicative purposes.

## Eligibility Requirements

Eligible technologies under this RFP are limited to wind, solar electric, and hydropower. All proposed resources must be, or be expected to be prior to Contract Execution, certified by the California Energy Commission ("CEC" or "Commission") as an Eligible Renewable Energy Resource (ERR). For purposes of this RFP and any final agreement executed pursuant thereto, an ERR is a generating facility that meets all of the criteria set forth in Public Utilities Code

Section 399.12, Public Resources Code Section 25741, and the California Energy Commission's "Renewables Portfolio Standard (RPS) Eligibility Guidebook," available at <http://www.energy.ca.gov/portfolio/index.html>. Selected Proposers shall be responsible for maintaining such certification throughout the contract term. Additional eligibility criteria are as follows.

### Project Development Status

Proposers may submit proposals for projects that have already achieved commercial operation and for projects under development. For projects under development, Proposers must provide a written acknowledgment by the relevant land use authority that a permit application has been received. Projects proposed that do not provide such documentation will not pass the initial project screening.

### Project Financing Status

Proposers must provide a letter or other signed document from the entity financing the project confirming that the project is approved for financing. Approval of financing contingent on execution of a power purchase agreement is acceptable. If the developer is self-financing the project, the letter may be issued by the developer.

### Site Control

Proposers must demonstrate site control for a project to be considered for evaluation. Projects proposed, that don't provide evidence of site control, will not pass the initial project screening.

### Resource Location

Resources must be located in California and delivered into the CAISO's Balancing Authority Area. Discussion of RCEA's Preferred Project Area is included in Evaluation Criteria below.

For projects located within Humboldt County, development on prime agricultural soils or on productive timber lands is discouraged. Use the following guidance for identifying these lands using the County of Humboldt WebGIS at <http://webgis.co.humboldt.ca.us/HCEGIS2.0/>:

- For prime agricultural soils, select the "Natural Resources" Layer Group and "NRCS 2014 Soils (Proposed)" Layer within that Group. Projects on "Farmland of statewide importance" or "Prime farmland if irrigated" as identified in this Layer is discouraged.
- For productive timber lands, select the "Jurisdiction Boundaries & Land Use" Layer Group, "Planning Layers" within that group, and the "Zoning" Layer. Productive timber lands are parcels identified as "Zoning Designation TPZ" (Timber Production Zone).

Development on prime agricultural soils and productive timber lands elsewhere in RCEA's Preferred Project Area is likewise discouraged. Proposers should communicate with planning authorities in these counties to identify such lands. Project development on existing brownfield or grayfield lands, such as old mill sites is encouraged.

## Project Technology

Proposers can submit project proposals for any renewable wind, solar, or hydroelectric technology and project equipment that is a mature technology with appropriate nationally recognized testing laboratory certification for use in the intended application. Proposer must submit supporting third-party bankability documentation for the Project equipment proposed.

## Generating Capacity

See Table 2 under Product Description below.

## Initial Date of Delivery

Deliveries can begin as early as January 1, 2020 and as late as January 1, 2023. Preference will be given to projects with commercial operation dates during or prior to 2021.

## Product

Project must provide PCC1 renewable energy, as described in PUC 399.16, California Public Utilities Commission Decision 11-12-052, and other applicable statutes, regulations, and regulatory orders.

## Interconnection

Project must have been submitted into an interconnection queue.

## Product Description

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Through this solicitation, RCEA is seeking to secure renewable electric supply from new or existing facilities. Deliveries can begin as early as January 1, 2020 and as late as January 1, 2023. Contract term length can be ten (10), fifteen (15), or twenty (20) years. Responders may propose differentiated pricing options corresponding to different term lengths.

Table 2. Product Description

ERR Technology	Minimum Contract Capacity	Local Preference	New vs Existing Facility
Wind	20 MW	Strong preference for Humboldt County	Strong preference for new facilities
Solar	5 MW	Strong preference for Humboldt County	Strong preference for new facilities
Hydropower	1 MW	Strong preference for regional counties (see Project Location under Evaluation Criteria)	Existing facilities acceptable



RCEA is not seeking projects with energy storage components or Renewable Portfolio Standard-eligible technologies other than those listed above through this solicitation.

## RFP Schedule

The schedule in Table 3 applies to this RFP. RCEA in its sole discretion may revise the schedule as deemed necessary. Updates will be provided through its website if such changes occur as well as via email to any eligible Proposers who register for the Proposers' conference or submit a notice of intent to propose.

**Table 3. RFP Schedule**

<b>Event</b>	<b>Date</b>
RCEA issues RFP documents	February 1, 2019
Deadline to register for Proposers' conference and to submit questions to be addressed at conference	February 8, 2019 @ 4 PM PT
Proposers' conference	February 15, 2019
Deadline to submit Notice of Intent to Propose	February 20, 2019 @ 4 PM PT
Deadline to submit additional questions	February 22, 2019 @ 4 PM PT
RCEA publishes answers to additional questions	March 1, 2019 @ 4 PM PT
Deadline to submit proposals	March 15, 2019 @ 4 PM PT
RCEA notifies short list and begins PPA negotiations	April 17, 2019
RCEA Board approves PPA(s)	July 25, 2019
Contract execution	July 29 - August 30, 2019

RCEA will host an online/telephone Proposers' conference at the date and time shown in Table 3. Instructions for registering for the conference will be posted on RCEA's website prior to the conference date at: <https://redwoodenergy.org/services/bid-opportunities/>

The objectives of the proposers' conference are to review the RFP process and answer clarifying questions bidders may have. All questions to be addressed in the conference must be submitted to [2019\\_RPS\\_RFP\\_Questions@redwoodenergy.org](mailto:2019_RPS_RFP_Questions@redwoodenergy.org) by the deadline shown in Table 3 above. Please use the subject line "2019 RPS RFP Questions." Questions submitted after the deadline or asked at the conference may not be addressed until the "RCEA publishes answers to additional questions" date shown in Table 3. The Proposers' conference is optional; participation is recommended, but Proposers are not required to participate in the Proposers' conference in order to submit a proposal.

Following the Proposers' conference, any interested Proposers must submit a Notice of Intent to Propose by the deadline shown in Table 3 above. Please use the "Notice of Intent to Propose"

form, completed and sent as an attachment to 2019\_RPS\_RFP\_Questions@redwoodenergy.org with the subject line “2019 RPS RFP Notice of Intent to Propose.”

After the proposers’ conference and the Notice of Intent deadline, there will be an additional opportunity to submit questions. See the timeline in Table 3 above for the submittal deadline. Answers to these additional questions will be posted by the date shown in Table 3.

Between proposal submittal and short list notification, RCEA staff may request to visit the project site(s). Proposers are expected to make reasonable efforts to accommodate any such request.

Proposals must be submitted by the date shown in Table 3 above.

RCEA will negotiate with some or all of the short-listed Proposers with the intention of executing PPA(s). RCEA may execute PPAs with selected short-listed Proposers at any time during the negotiation phase or may choose not to execute a PPA with one or more of the short-listed Proposers. Selected projects will be presented at a public meeting to RCEA’s Board of Directors for approval.

## RFP Response Instructions

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Proposers are to deliver proposals in a sealed package, that contains both electronic versions (USB drive) and six (6) print copies of the proposal package, to the RCEA office by the deadline shown in Table 3 above. Emailed proposals or incomplete proposal packages will not be accepted. Proposers must complete the following items located on the RCEA website:

- (1) Excel based Offer Form (RCEA\_2019\_RPS\_RFP\_Offer\_Form.xlsx)
- (2) Excel based Questionnaire (RCEA\_2019\_RPS\_RFP\_Questionnaire.xlsx)
- (3) Standard form PPA, completed per instructions below (RCEA\_2019\_RPS\_PPA.docx)
- (4) Officer Certification Form (RCEA\_2019\_RPS\_Officer\_Certificate.docx)

Proposals may be mailed or hand-delivered to:

Redwood Coast Energy Authority  
ATTN: 2019 Renewable Energy RFP  
633 Third Street  
Eureka, CA 95501

It is required that respondents will:

- complete each tab in the Excel Offer Form,
- answer all questions in the Questionnaire along with any supporting documentation as necessary,
- provide a completed PPA Cover Sheet for each offer, along with a redlined (using Track Changes in Microsoft Word) copy of the PPA if any changes to PPA terms are requested; and

- submit a completed Officer Certification Form.

Proposers are encouraged to submit multiple offers for different contract lengths (minimum 10-year) and modes of operation that are represented by alternative generation profiles. To the extent the facility can also offer scheduling flexibility, Proposers should provide as much information as possible about the flexibility offered and any relevant operational constraints for RCEA to understand and evaluate the economic benefit. Proposers are limited to three offers per contract length.

The standard form PPA is intended to assist bidders in understanding their obligations under the PPA so as to inform their pricing. RCEA discourages bidders from responding to the RFP with a redline PPA that materially alters the commercial terms. Furthermore, the successful offeror will be expected to sign the PPA substantially in its existing form as attached. The Officer Certification Form is to ensure the accuracy of the information provided and acknowledge the binding nature of the submitted pricing.

## Evaluation Criteria

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In evaluating offers from eligible facilities, RCEA will consider both quantitative and qualitative factors in identifying the projects that deliver best value to RCEA. This list is intended to be illustrative and is not an exhaustive list of what RCEA may consider in its evaluation of responses.

### Quantitative Factors

#### Net Market Value (NMV)

The net market value of the offer will consider the value of the energy that the facility produces, the renewable attributes (Renewable Energy Credits) as well as capacity value as it pertains to the CPUC's Resource Adequacy Program net of expected contract payments. To the extent a facility indicates that it has operating flexibility, the additional benefits will be reflected in the energy value and potentially in the capacity value (if the resource has an Effective Flexible Capacity or "EFC"). Offers will be normalized to NMV per MWh for scoring purposes.

### Qualitative Factors

#### Project Viability

RCEA will consider qualitative factors related to the viability of its counterparty as described in the RFP Questionnaire and Offer Form that include but are not limited to: the track record of meeting all permitting, reporting and compliance requirements; the experience of the project team to successfully and sustainably operate the facility; responder's history of investment in

maintaining and improving the facility; worker safety record; the responder's historical and projected financial position; and any other factors that may influence its ability to deliver energy products under an executed agreement with RCEA.

#### Project Location

Resources must be located in California and delivered into the CAISO's Balancing Authority Area. RCEA will give highest preference to projects located in Humboldt County, with secondary preference for projects in the following northern California counties in the region surrounding RCEA's service area (together with Humboldt County constituting the Preferred Project Area):

- Del Norte
- Mendocino
- Trinity
- Siskiyou
- Lake
- Sonoma
- Glenn
- Tehama
- Shasta
- Modoc

See Figure 1. For wind and solar projects, RCEA strongly prefers projects sited within its service area of Humboldt County, CA, recognizing there are ample wind and solar resources in the county and development of new projects is generally straightforward. For hydropower projects, RCEA prefers Humboldt County projects but will consider projects elsewhere in the Preferred Project Area.

Figure 1 – Preferred Project Area



#### New vs Existing Facilities

For wind and solar projects, RCEA strongly prefers new facilities. For hydropower projects, existing facilities are acceptable, given the regulatory complexity of developing new ones.

#### Portfolio Fit

RCEA may show a preference for offers that have lower volume requirements, contract lengths (subject to the 10-year minimum term) and/or provide generation in hours that reduce RCEA's wholesale market risk.

#### Acceptance of Standard Form PPA

RCEA prefers responses that accept the standard form PPA as provided or with minimal modification.

#### Workforce Considerations

In recognition of the fact that the communities surrounding the project will be impacted by the construction of the project work, all parties bidding the work shall, to the extent allowable by law, and as long as they possess the requisite skills and qualifications, will exert their best efforts to refer and/or recruit sufficient numbers of skilled craft local area residents, as well as Targeted Workers, for project work. Targeted Workers include: veterans, women interested in joining the trades, and persons receiving public assistance.

It is the intent that all craft work on this project follow state recognized prevailing wages as published bi-annually by the California Department of Industrial Relations and California Labor Code 1720. All plumbing or pipefitting work that falls within the classification of a C-36 license shall be performed under a contract or subcontract with a contractor with a C-36 license. All electrical work that falls within the classification of a C-10 license shall be performed under a contract or subcontract with a contractor with a C-10 license. All sheet metal and HVAC work that falls within the classification of C-43 license shall be performed under a contract or subcontract with a contractor with a C-43 license. All field and construction surveying, including construction layout, shall be done under the direct supervision of a California Licensed Surveyor.

## Seller Credit Requirements

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#### Shortlist Deposit

Following Proposer notification (i.e., shortlist selection), the selected Proposer(s) will be required to submit a cash Shortlist Deposit of \$3.00/kWAC times the sum of Contract Capacity for each shortlisted generating project(s) within two weeks of such notification. The Shortlist Deposit is generally intended to secure the obligations of any shortlisted Proposer(s) during the

negotiating period and to ensure that each offer has been carefully considered. Instructions for submitting the Shortlist Deposit will be provided upon notification of shortlist selection.

The Shortlist Deposit will be returned to Proposer under one or more of the following conditions:

1. Following execution of a PPA and posting of required collateral;
2. RCEA's rejection of the Proposer's offer following shortlist selection;
3. Failure of RCEA and the shortlisted Proposer to agree on terms of the offer or PPA; or
4. RCEA's termination of the RFP process.

Proposer will forfeit its deposit if:

1. Material misrepresentations of information related to Proposer's offer are identified during the negotiating process;
2. Proposer fails to comply with the terms and conditions of this RFP process;
3. Proposer unilaterally withdraws the offer or attempts to materially modify the terms of its offer following Proposer's acceptance of shortlist status.

### PPA Deposits

The following security deposits will be required following PPA execution. Bidder is solely responsible for the cost of providing these securities and this should be considered in the price offered to RCEA.

#### Development Security

For a project that is in development and has not achieved Commercial Operation, a Development Security Deposit of \$60/kW for As-Available resources or \$90/kW for Baseload resources multiplied by the capacity of the Project is required from PPA execution until Commercial Operation is attained. Security shall be in the form of cash or Letter of Credit.

#### Delivery Term Security

Delivery Term Security deposit as follows:

- For ten-year PPA term, six months' minimum expected revenue;
- For fifteen-year PPA term, nine months' minimum expected revenue;
- For twenty-year PPA term, twelve months' minimum expected revenue;

where expected revenue is based on Contract Price and Guaranteed Energy Production as defined in the standard PPA.

Security shall be in the form of cash or Letter of Credit.

#### Letter of Credit

"Letter of Credit" means an irrevocable standby letter of credit, in a form reasonably acceptable to RCEA, issued either by (i) a U.S. commercial bank, or (ii) a U.S. branch of a foreign commercial bank that meets the following conditions: (A) it has sufficient assets in the U.S. as

determined by RCEA, and (B) it is acceptable to RCEA in its sole discretion. The issuing bank must have a Credit Rating of at least A- from S&P or A3 from Moody's, with a stable outlook designation. In the event the issuer is rated by both rating agencies and the ratings are not equivalent, then the lower rating will apply. All costs of the Letter of Credit shall be borne by Proposer.

## Proprietary & Confidential Information

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Submitted proposals may include proprietary and/or confidential information. Proposers are advised that Section 6253 of the California Public Records Act provides that any person may receive a copy of any identifiable public record that is not exempt from disclosure under other provisions of the Act. Proposers must stamp or mark all data that qualifies for an exemption under the California Public Records Act as "Proprietary/Confidential Materials." Proposer should not to over-designate material as confidential. Over-designation would include stamping entire pages or series of pages as confidential that clearly contain information that is not confidential.

RCEA will use reasonable efforts to protect against disclosure of proprietary and/or confidential information to the extent permissible under applicable exemptions to the California Public Records Act. RCEA reserves the right to release such information to its advisers for purposes of evaluating the Proposer's offer. In the event that such release to advisers is made, advisers will be bound to the same standard of care with respect to disclosure as RCEA. Neither RCEA nor its advisers will be liable for any damages resulting from any accidental disclosure before, during, or after this solicitation process, even if the documents are marked as Proprietary/Confidential Materials.

## Disclaimers for Rejecting or Accepting Offers and/or Terminating this RFP

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By participating in RCEA's RFP process, a Proposer acknowledges that it has read, understands, and agrees to the terms and conditions set forth in these RFP Instructions. RCEA reserves the right to reject any proposal that does not comply with the requirements identified herein, or to waive irregularities, if any. RCEA further reserves the right to communicate with individual Proposers to ask clarifying questions about their proposals prior to making a short-listing decision. Furthermore, RCEA may, at its sole discretion and without notice, modify, suspend, or terminate the RFP without liability to any organization or individual. The RFP does not constitute an offer to buy or create an obligation for RCEA to enter into an agreement with any party, and RCEA shall not be bound by the terms of any offer until RCEA has entered into a fully executed agreement. RCEA shall not be responsible for any of the Proposer's costs incurred to prepare, submit, negotiate, or to enter into a power purchase agreement (PPA), or for any other activity related to meeting the requirements established in this solicitation. All submittals shall become the property of RCEA and will not be returned.

## Protest of Award

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If an unsuccessful Proposer wants to dispute an award or award recommendation, a protest must be submitted in writing to RCEA's Executive Director no later than ten (10) calendar days after announcement of the successful proposer, detailing the grounds, factual basis and providing all supporting information. Protests will not be considered for disputes on the grounds that material provision in this RFP is ambiguous. Failure to submit a timely written protest to the contact listed below will bar consideration of the protest.

The address for submitting protests is:

Redwood Coast Energy Authority  
ATTN: Executive Director  
633 Third Street  
Eureka, CA 95501

## Questions

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Please email any questions or comments to [2019\\_RPS\\_RFP\\_Questions@redwoodenergy.org](mailto:2019_RPS_RFP_Questions@redwoodenergy.org).



**POWER PURCHASE AGREEMENT**

**Between**

**Redwood Coast Energy Authority**  
(as “Buyer”)

**and**

---

(as “Seller”)

DRAFT

# POWER PURCHASE AGREEMENT

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## APPENDICES

The following Appendices constitute a part of this Agreement and are incorporated into this Agreement by reference:

Appendix I	Form of Letter of Credit
Appendix II	Initial Energy Delivery Date Confirmation Letter
Appendix III	Form of Progress Report
Appendix IV	Construction Start and Commercial Operation Certification Forms and Procedures
Appendix IV-1	Construction Start Form of Certification
Appendix IV-2	Commercial Operation Certification Procedure
<u>Attachment A</u>	Commercial Operation Form of Certification
Appendix IV-3	Capacity Test Procedure [ <i>For Baseload Product only</i> ]
Appendix V	GEP Damages Calculation
Appendix VI	Notification Requirements for Available Capacity and Project Outages
Appendix VII	Form of Consent to Assignment
Appendix VIII	Seller Documentation Condition Precedent
Appendix IX	Form of Actual Availability Report
Attachment A	Form of Actual Availability Report
Appendix X	Telemetry Parameters for Wind or Solar Facility
Appendix XI	Form of Letter of Concurrence
Appendix XII	Project Specifications and Contract Capacity Calculation
Appendix XIII	Section 3.3(e) Liquidated Damages Calculation

## POWER PURCHASE AGREEMENT

### COVER SHEET

This Power Purchase Agreement (“Agreement”) is entered into between Redwood Coast Energy Authority, a California joint powers authority (“Buyer” or “RCEA”), and \_\_\_\_\_ *[insert name of Seller]*, a \_\_\_\_\_ *[include place of formation and business type]* (“Seller”), as of the Execution Date. The information contained in this Cover Sheet shall be completed by Seller and incorporated into the Agreement.

#### A. Transaction Type

Seller may not modify the Transaction Type designated in this Part A of the Cover Sheet at any time after the Execution Date.

Product: ☐ As-Available  
☐ Baseload

Portfolio Content Category:

☐ Portfolio Content Category 1  
Deliverability:

- ☐ Energy Only Status
- ☐ Partial Capacity Deliverability Status (“PCDS”)
  - a) If PCDS is selected, provide the Expected PCDS Date, or the date the Project received a PCDS finding if already received:  
\_\_\_\_\_ (mm/dd/yyyy);
  - b) The Partial Capacity Deliverability Status Amount the Project will obtain is \_\_\_\_\_ MW.
- ☐ Full Capacity Deliverability Status (“FCDS”)
  - a) If FCDS is selected, provide the Expected FCDS Date, or the date the Project received a FCDS finding if already received:  
\_\_\_\_\_ (mm/dd/yyyy).

Seller shall elect one of the following types of transactions pursuant to Section 3.1(b) of the Agreement:

- ☐ Full Buy/Sell
- ☐ Excess Sale

Seller shall elect one of the following Delivery Terms:

- ☐ ten (10) Contract Years

- ☐ fifteen (15) Contract Years
- ☐ twenty (20) Contract Years

**B. Project Description Including Description of Site**

Contract Capacity: [\_\_\_\_\_] MW *[Provide the maximum capacity to be made available to RCEA pursuant to the transaction, which in the case of an Excess Sale transaction, may be less than the maximum capacity of the Project]*

(i) Project Development:

(a) The Project is an:

*[An existing or repowered Project with substantial changes, including but not limited to, new major permits, a new interconnection study, or the construction of new generators, should check “New Project” instead of “Existing Project.”]*

☐ Existing Project

☐ New Project

(1) If the Project is a New Project:

(A) The date on which the Commercial Operation Date of the Project is expected (must be no later than the Guaranteed Commercial Operation Date):

(B) The Expected Construction Start Date of the Project:

(2) If the Project is an Existing Project:

(A) The Expected Initial Energy Delivery Date (which shall be no later than the Guaranteed Commercial Operation Date) is:

(b) Project development Milestone schedule *[to be completed by Buyer and Seller. Insert additional rows if necessary]:*

Identify Milestone	Date for Completion

**C. Contract Price**

The Contract Price for each MWh of Product as measured by Delivered Energy in the initial Contract Year shall be \$ \_\_\_\_\_. In each succeeding contract year, the Contract Price shall be adjusted by multiplying the prior year's Contract Price by \_\_\_\_\_ *[use 1.00 if no annual price adjustment]*.

**D. Delivery Term Contract Quantity Schedule**

Length of Delivery Term (in Contract Years):

Contract Year	Contract Quantity (MWh) <sup>1</sup>
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

<sup>1</sup>For a Baseload Product, the minimum qualifying Contract Quantity should be equivalent to at least an eighty percent (80%) Capacity Factor.

**E. Collateral**

- Project Development Security (provide dollar amount)

Dollar Amount: \$ \_\_\_\_\_

- Cash, or
- Letter of Credit

- Delivery Term Security (provide dollar amount)

Dollar Amount: \$ \_\_\_\_\_

- Cash, or
- Letter of Credit

**F. Buyer Bid Curtailment and Buyer Curtailment Orders.**

Operational characteristics of the Project for Buyer Bid Curtailment and Buyer Curtailment Orders are listed below. Buyer, as the Scheduling Coordinator, may request that CAISO modify the Master File for the Project to reflect the findings of a CAISO audit of the Project. In addition, Seller agrees to coordinate with Buyer or Third-Party SC, as applicable, 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 based on the true physical characteristics of the resource.

- PMax of the Project: \_\_\_\_MW
- Minimum operating capacity: \_\_\_\_MW
- Ramp Rate: \_\_\_\_MW/Minute

***[For As-Available Products]***

- Advance notification required for Buyer Bid Curtailment and Buyer Curtailment Order: Not greater than the shortest Dispatch Interval in the Real-Time Market (as defined in the CAISO Tariff).
- Maximum number of Start-ups per calendar day (if any such operational limitations exist):  
\_\_\_\_\_

***[For Baseload Products]***

- Maximum number of Start-ups per calendar day, month, year (if any such operational limitations exist): \_\_\_\_\_
- Advance notification required for Buyer Bid Curtailment and Buyer Curtailment Order: Not greater than the shortest Dispatch Interval in the Real-Time Market (as defined in the CAISO Tariff).

**Other Requirements:**

- Maximum number of hours annually for Buyer Curtailment Periods: unlimited hours
- The Project will be capable of receiving and responding to all Dispatch Instruction in accordance with Section 3.1(q).
- Start-Up Time (if applicable): \_\_\_\_Minutes
- Minimum Run Time after Start-Up (if applicable): \_\_\_\_Minutes
- Minimum Down Time after Shut-Down (if applicable): \_\_\_\_Minutes

***Note: Sellers should enter the maximum flexibility the Project can offer given the operational constraints of the technology.***

**G. Damage Payment** (as described under Damage Payment definition in Section 1.53)

- ☐ Ten (10) year Delivery Term. Dollar amount: \$\_\_\_\_\_
- ☐ Fifteen (15) year Delivery Term. Dollar amount: \$\_\_\_\_\_
- ☐ Twenty (20) year Delivery Term. Dollar amount: \$\_\_\_\_\_

**H. Notices List**

Name: *[Seller's Name]*, a *[include place of formation and business type]* ("Seller")  
All Notices:

Name: Redwood Coast Energy Authority,  
("Buyer" or "RCEA")  
All Notices:



Delivery Address:

Street:

Mail Address: (if different from above)

Attn:

Phone:

Email:

DUNS:

Federal Tax ID Number:

**Invoices:**

Attn:

Phone:

Facsimile:

Email:

**Scheduling:**

Attn:

Phone:

Facsimile:

Email:

**Payments:**

Attn:

Phone:

Facsimile:

Email:

**Wire Transfer:**

BNK:

ABA:

ACCT:

**Credit and Collections:**

Attn:

Phone:

Email:

**Notices of an Event of Default to :**

Attn:

Delivery Address:

633 3rd St, Eureka, CA 95501

Mail Address:

Attn: insert information here

Director of Power Resources

Phone: insert information here

Email: insert information here

DUNS:

Federal Tax ID Number:

**Invoices:**

Attn: insert information here

Phone: insert information here

Facsimile: insert information here

Email: insert information here

**Scheduling:**

Attn: The Energy Authority designated as Buyer's SC

Real Time Desk Phone: insert information here

Facsimile: insert information here

**Payments:**

Attn: insert information here

Phone: insert information here

Facsimile: insert information here

Email: insert information here

**Wire Transfer:**

BNK:

ABA:

ACCT:

**Credit and Collections:**

Attn: insert information here

Phone: insert information here

Email: insert information here

Attn: insert information here

Phone:  
Facsimile:  
Email:

Phone: insert information here  
Facsimile: insert information here  
Email: insert information here

**With additional Notices of an Event of  
Default to:**

Phone:

RCEA General Counsel  
insert information here

## **PREAMBLE**

This Power Purchase Agreement, together with the Cover Sheet, appendices and any other attachments referenced herein, is made and entered into between RCEA and Seller, as of the Execution Date set forth in the Cover Sheet. Buyer and Seller hereby agree to the following:

## **GENERAL TERMS AND CONDITIONS**

### **ARTICLE ONE: GENERAL DEFINITIONS**

1.1 “Actual Availability Report” has the meaning set forth in Section 3.1(l)(i)(G). *[For As-Available Product only]*

1.2 “Additional Extension” has the meaning set forth in Section 3.1(c)(ii).

1.3 “Affiliate” means, with respect to any person or entity, any other person or entity (other than an individual) that (a) directly or indirectly, through one or more intermediaries, controls, or is controlled by such person or entity or (b) is under common control with such person or entity. 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.

1.4 “Agreement” means this Power Purchase Agreement between Buyer and Seller, which is comprised of the Cover Sheet, Preamble, these General Terms and Conditions, and all appendices, schedules and any written supplements attached hereto and incorporated herein by references, as well as all written and signed amendments and modifications thereto. For purposes of Section 10.10, the word “agreement” shall have the meaning set forth in this definition. For purposes of Section 3.1(k)(viii), the word “contract” shall have the meaning set forth in this definition.

1.5 “Ancillary Services” has the meaning set forth in the CAISO Tariff.

1.6 “As-Available Product” means an Energy Product with a Capacity Factor of eighty percent (80%) or less.

1.7 “Availability Workbook” has the meaning set forth in Appendix IX.

1.8 “Available Capacity” means the capacity from the Project, expressed in whole megawatts, that is available to generate Product.

1.9 “Balancing Authority” has the meaning set forth in the CAISO Tariff.

1.10 “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, or has any such petition filed or commenced against it and such case filed against it is not dismissed in ninety (90) days, (b) makes an assignment or any general arrangement for the benefit of creditors, (c) otherwise becomes bankrupt or insolvent (however evidenced), (d) 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 (e) is generally unable to pay its debts as they fall due.

1.11 “Baseload” means an Energy Product with a Capacity Factor greater than or equal to eighty percent (80%).

1.12 “Bid” has the meaning set forth in the CAISO Tariff.

1.13 “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.

1.14 “Buyer” has the meaning set forth in the Cover Sheet.

1.15 “Buyer Bid Curtailment” means Buyer as SC or through its Third-Party SC communicates a curtailment instruction to the Seller, requiring Seller to produce less Energy from the Project than the CAISO final market forecast amount to be produced from the Project for a period of time, and Buyer as the SC or through its Third-Party SC either (a) submitted a CAISO final market Energy Supply Bid and such curtailment is solely a result of the CAISO implementing the Energy Supply Bid; or (b) submitted a CAISO final market Self-Schedule for less than the amount of the final-market Energy forecasted to be produced from the Project. However, if the Project is subject to a Planned Outage, Forced Outage, Force Majeure and/or a Curtailment Period during the same period of time, then Buyer Bid Curtailment shall not include any Energy that is subject to such Planned Outage, Forced Outage, Force Majeure or Curtailment Period.

1.16 “Buyer Curtailment Order” means the instruction from Buyer or through its Third-Party SC to Seller to reduce generation from the Project by the amount, and for the period of time set forth in such order, for reasons unrelated to a Planned Outage, Forced Outage, Force Majeure and/or Curtailment Order.

1.17 “Buyer Curtailment Period” means the period of time, as measured using current Settlement Intervals, during which Seller reduces generation from the Project pursuant to (a) Buyer Bid Curtailment or (b) a Buyer Curtailment Order. The Buyer Curtailment Period shall be inclusive of the time required for the Project to ramp down and ramp up; provided that such time periods to ramp down and ramp up shall be consistent with the Ramp Rate designated in the Cover Sheet.

1.18 “Buyer’s Notice of First Offer Acceptance” has the meaning set forth Section 11.1(b)(ii), as applicable.

1.19 “Buyer’s WREGIS Account” has the meaning set forth in Section 3.1(k)(i).

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

1.21 “CAISO Global Resource ID” means the number or name assigned by the CAISO to the Project.

1.22 “CAISO Grid” has the same meaning as “CAISO Controlled Grid” as defined in the CAISO Tariff.

1.23 “CAISO Penalties” means any fees, liabilities, assessments, or similar charges assessed by the CAISO for (a) violation of the CAISO Tariff and all applicable protocols, WECC rules or CAISO operating instructions or orders or (b) as a result of a Party’s failure to follow Good Utility Practices. In either case, “CAISO Penalties” do not include the costs and charges related to scheduling and Imbalance Energy as addressed in Section 4.5(b) of this Agreement.

1.24 “CAISO Tariff” means the California Independent System Operator Corporation, Fifth Replacement FERC Electric Tariff (Open Access Transmission Tariff), as it may be amended, supplemented or replaced (in whole or in part) from time to time.

1.25 “California Renewables Portfolio Standard” or “RPS” means the renewable energy program and policies established by the California Legislature and 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.

1.26 “Capacity Attributes” means any current or future defined characteristic (including the ability to generate at a given capacity level, provide Ancillary Services, and ramp up or ramp down at a given rate), certificate, tag, credit, flexibility, or dispatchability 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 any and all Product, including any accounting construct so that the maximum amount of Contract Capacity of the Project may be counted toward a Resource Adequacy Requirement or any other measure by the CPUC, the CAISO, the FERC, or any other entity invested with the authority under federal or state Law, to require Buyer to procure, or to procure at Buyer’s expense, Resource Adequacy or other such products.

1.27 “Capacity Factor” has the meaning set forth in Section 4.3.

1.28 “Capacity Test” has the meaning set forth in Appendix IV-3 attached hereto. ***[For Baseload Product only]***

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

1.30 “CEC Certification and Verification” means that the CEC has certified (or, with respect to periods before the Project has commenced commercial operation (as such term is defined by and according to the CEC), 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 Project.

1.31 “Claims” means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys’ fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination or expiration of this Agreement.

1.32 “Commercial Operation” means the Project is operating and able to produce and deliver the Product to Buyer pursuant to the terms of this Agreement and in the case of Baseload Product, as further provided in Appendix IV-3..

1.33 “Commercial Operation Date” means ***[For As-Available Products use the following language]*** the date on which Seller (a) notifies Buyer that Commercial Operation has commenced, (b) notifies Buyer that all Reliability Network Upgrades identified in the Project’s Generator Interconnection Agreement have been completed, and (c) provides a certification of a Licensed Professional Engineer, substantially in the form attached hereto as Attachment A to Appendix IV-2, demonstrating satisfactory completion of the Commercial Operation Certification Procedure as provided in Appendix IV-2 hereto. ***[For Baseload Products use the following language]*** the date on which (a) Seller notifies Buyer that Commercial Operation has commenced, (b) Seller notifies Buyer that all Reliability Network Upgrades identified in the Project’s Generator Interconnection Agreement have been completed, (c) provides a

certification of a Licensed Professional Engineer, substantially in the form attached hereto as Attachment A to Appendix IV-2, demonstrating satisfactory completion of the Commercial Operation Certification Procedure as provided in Appendix IV-2 hereto, and (d) Buyer accepts in writing the results of Seller's initial Capacity Test report in compliance with the Capacity Test Procedure as provided in Appendix IV-3 hereto.

1.34 "Compliance Costs" means all reasonable out-of-pocket costs and expenses incurred by Seller and paid directly to third parties in connection with any of the obligations under Sections 3.1(j) (Greenhouse Gas Emissions Reporting), 3.1(k) (WREGIS), 3.1(n) (Obtaining and Maintaining CEC Certification and Verification), 3.3 (Resource Adequacy), and 10.1(b) (ERR), including registration fees, volumetric fees, license renewal fees, external consultant fees and capital costs necessary for compliance, but excluding Seller's internal administrative and staffing costs, due to a change, amendment, enactment or repeal of Law after the Execution Date which requires Seller to incur additional costs and expenses in connection with any of such obligations, in excess of the costs and expenses incurred for such obligations under the Law in effect as of the Execution Date. Compliance Costs do not include any amounts designated in the Project's full capacity deliverability study to obtain FCDS nor any costs and expenses incurred by Seller for FCDS studies.

1.35 "Condition Precedent" means each of, or one of, the conditions set forth in Section 2.4(a)(i) through (ii) and "Conditions Precedent" shall refer to all of the conditions set forth in Section 2.4(a)(i) through (ii).

1.36 "Confidential Information" has the meaning set forth in Section 10.6(a)

1.37 "Construction Start Date" means the later to occur of the date on which Seller delivers to Buyer (a) a copy of the Notice to Proceed that Seller has delivered to the EPC Contractor for the Project, and (b) a written Certification substantially in the form attached hereto as Appendix IV-1.

1.38 "Contract Capacity" has the meaning set forth in Section 3.1(f).

1.39 "Contract Capacity Commitment" means the amount of the Contract Capacity that may be constructed pursuant to the Governmental Approvals received or obtained by Seller as of, for a New Project, the Guaranteed Commercial Operation Date (as may be extended pursuant to Section 3.9(c)), and for an Existing Project, the Expected Initial Energy Delivery Date specified on the Cover Sheet.

1.40 "Contract Price" means the price in United States dollars (\$U.S.) (unless otherwise provided for) to be paid by Buyer to Seller for the purchase of the Product, as specified in the Cover Sheet.

1.41 "Contract Quantity" means the quantity of Delivered Energy expected to be delivered by Seller during each Delivery Period as set forth in Section 3.1(e) and Cover Sheet Section D .

1.42 "Contract Year" means a period of twelve (12) consecutive months. The first Contract Year shall commence on the Initial Energy Delivery Date and each subsequent Contract Year shall commence on the anniversary of the Initial Energy Delivery Date.

1.43 "Cost Responsibility Surcharge" means the charges identified in PG&E Electric Rate Schedule CCA-CRS, and further set forth in each PG&E rate schedule, as may be amended, supplemented, or replaced (in whole or in part) from time to time.

1.44 “Costs” means, with respect to the Non-Defaulting Party, (a) 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 in entering into new arrangements which replace the Terminated Transaction; and (b) all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of the Transaction.

1.45 “Cover Sheet” means the cover sheet to this Agreement, completed by Seller and incorporated into the Agreement.

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

1.47 “Credit Rating” means, with respect to any entity, (a) the rating then assigned to such entity’s unsecured senior long-term debt obligations (not supported by third party credit enhancements) or (b) if such entity does not have a rating for its unsecured senior long-term debt obligations, then the rating assigned to such entity as an issuer rating by S&P and/or Moody’s. If the entity is rated by both S&P and Moody’s and such ratings are not equivalent, the lower of the two ratings shall determine the Credit Rating. If the entity is rated by either S&P or Moody’s, but not both, then the available rating shall determine the Credit Rating.

1.48 “Cure” has the meaning set forth in Section 8.5(b).

1.49 “Cured Performance Measurement Period” has the meaning set forth in Section 3.1(e)(ii)(C).

1.50 “Cure Payment Period” has the meaning set forth in Section 3.1(e)(ii)(C)(III).

1.51 “Curtailed Order” means any of the following:

(a) the CAISO, Reliability Coordinator, Balancing Authority or any other entity having similar authority or performing similar functions during the Delivery Term, orders, directs, alerts, or communicates via any means, to a Party to curtail Energy deliveries, which may come in the form of a request to return to Schedule consistent with the CAISO Tariff, for reasons including, (i) any System Emergency, (ii) any warning of an anticipated System Emergency, or warning of an imminent condition or situation, which jeopardizes the CAISO’s electric system integrity or the integrity of other systems to which the CAISO is connected, or (iii) any warning, forecast, or anticipated over-generation conditions, including a request from CAISO to manage over-generation conditions, provided that this subsection (a) (iii) shall not include Buyer Bid Curtailment;

(b) a curtailment ordered by the Participating Transmission Owner, distribution operator (if interconnected to distribution or sub-transmission system), or any other entity having similar authority or performing similar functions during the Delivery Term, for reasons including (i) any situation that affects normal function of the electric system including any abnormal condition that requires action to prevent circumstances such as equipment damage, loss of load, or abnormal voltage conditions, or (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) scheduled or unscheduled maintenance or construction on the Participating Transmission Owner’s or distribution operator’s transmission or distribution facilities that prevents (i) Buyer from receiving or (ii) Seller from delivering Delivered Energy at the Delivery Point; or

(d) a curtailment in accordance with Seller's obligations under its Generator Interconnection Agreement with the Participating Transmission Owner or distribution operator.

For the avoidance of doubt, if Buyer or Third-Party SC submitted a Self-Schedule and/or an Energy Supply Bid that clears, in full, the applicable CAISO market for the full amount of Energy forecasted to be produced from the Project for any time period, any notice from the CAISO having the effect of requiring a reduction during the same time period is a Curtailment Order, not a Buyer Bid Curtailment.

1.52 "Curtailment Period" means the period of time during which Seller reduces generation from the Project, pursuant to a Curtailment Order. The Curtailment Period shall be inclusive of the time required for the Project to ramp down and ramp up; provided that such time periods to ramp down and ramp up shall be consistent with the Ramp Rate designated in the Cover Sheet.

1.53 "Damage Payment" means [for a ten year Delivery Term the dollar amount that equals six (6) months minimum expected revenue of the Project based on Guaranteed Energy Production and the estimated average TOD-adjusted Contract Price, which will be calculated prior to the Execution Date] [for a fifteen year Delivery Term the dollar amount that equals nine (9) months minimum expected revenue of the Project based on Guaranteed Energy Production and the estimated average TOD-adjusted Contract Price, which will be calculated prior to the Execution Date] [for a twenty year or greater Delivery Term the dollar amount that equals twelve (12) months minimum expected revenue of the Project based on Guaranteed Energy Production and the estimated average TOD-adjusted Contract Price, which will be calculated prior to the Execution Date]. *[Select bracketed language appropriate for the length of the Delivery Term]*

1.54 "DA Price" means the resource specific locational marginal price ("LMP") applied to the PNode applicable to the Project in the CAISO Day-Ahead Market.

1.55 "DA Scheduled Energy" means the Day-Ahead Scheduled Energy as defined in the CAISO Tariff.

1.56 "Day-Ahead Availability Notice" has the meaning set forth in Section 3.4(b)(iii)(C).

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

1.58 "Deemed Delivered Energy" means *[For As-Available Products use the following language]* the amount of Energy expressed in MWh that the Project would have produced and delivered to the Delivery Point, but that is not produced by the Project and delivered to the Delivery Point during a Buyer Curtailment Period, which amount shall be equal to (a) the EIRP Forecast, expressed in MWh, applicable to the Buyer Curtailment Period, whether or not Seller is participating in EIRP during the Buyer Curtailment Period, less the amount of Delivered Energy delivered to the Delivery Point during the Buyer Curtailment Period or, (b) if there is no EIRP Forecast available, the result of the equation provided pursuant to Section 3.1(l)(i)(G) and using relevant Project availability, weather and other pertinent data for the period of time during the Buyer Curtailment Period less the amount of Delivered Energy delivered to the Delivery Point during the Buyer Curtailment Period; *provided that*, if the applicable difference calculated pursuant to (a) or (b) above is negative as compared to the amount of metered Energy at the CAISO revenue meter for the Project, the Deemed Delivered Energy shall be zero (0). *[For Baseload Products use the following language]* the amount of Energy expressed in MWh that the Project would have produced and delivered to the Delivery Point, but that is not produced by the Project and delivered to the Delivery Point during a Buyer Curtailment Period, which amount shall be determined by reference



to the most recent Day-Ahead Availability Notice Buyer has received from Seller at the time Buyer issues a Buyer Curtailment Order.

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

1.60 “Deficient Month” has the meaning set forth in Section 3.1(k)(v).

1.61 “Deliverability Assessment” has the meaning set forth in the CAISO Tariff.

1.62 “Deliverability Finding Deadline” shall be two (2) calendar years after the RA Start Date. The Deliverability Finding Deadline shall be no later than December 31, 2027.

1.63 “Delivered Energy” means the lesser of either (i) the Contract Quantity multiplied by the duration of the Settlement Interval or (ii) the Energy produced from the Project during the Settlement Interval as measured in MWh at the CAISO revenue meter of the Project and in accordance with the CAISO Tariff, which shall include any applicable adjustments for power factor and Electrical Losses.

1.64 “Delivery Month” means a period of one month

1.65 “Delivery Network Upgrade” has the meaning set forth in the CAISO Tariff.

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

1.67 “Delivery Term” has the meaning set forth in Section 3.1(c)(i) and shall be of the length specified in the Cover Sheet.

1.68 “Delivery Term Security” means the Performance Assurance that Seller is required to maintain, as specified in Article Eight, to secure performance of its obligations during the Delivery Term.

1.69 “Dispatch Instruction” has the meaning set forth in the CAISO Tariff.

1.70 “Dispatch Interval” has the meaning set forth in the CAISO Tariff.

1.71 “Distribution Loss Factor” is a multiplier factor that reduces the amount of Delivered Energy produced by a Project connecting to a distribution system to account for the electrical distribution losses, including those related to distribution and transformation, occurring between the point of interconnection, where the Participating Transmission Owner’s meter is physically located, and the first Point of Interconnection, as defined in the CAISO Tariff, with the CAISO Grid.

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

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

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

1.75 “Effective Date” means the date on which all of the Conditions Precedent set forth in Section 2.4(a) have been satisfied or waived in writing by both Parties.

1.76 “Effective FCDS Date” means the date on which Seller provides Buyer Notice and documentation from CAISO that the Project has attained Full Capacity Deliverability Status, which Buyer

subsequently finds, in its reasonable discretion, to be adequate evidence that the Project has attained Full Capacity Deliverability Status.

1.77 “Effective PCDS Date” means the date on which Seller provides Buyer Notice and documentation from CAISO that the Project has attained Partial Capacity Deliverability Status, which Buyer subsequently finds, in its reasonable discretion, to be adequate evidence that the Project has attained Partial Capacity Deliverability Status.

1.78 “EIRP Forecast” means the final forecast of the Energy to be produced by the Project prepared by the CAISO in accordance with the Eligible Intermittent Resources Protocol and communicated to Buyer or Third-Party SC for use in submitting a Schedule for the output of the Project in the Real-Time Market.

1.79 “Electrical Losses” means all applicable losses, including the following: (a) any transmission or transformation losses between the CAISO revenue meter(s) and the Delivery Point; and (b) the Distribution Loss Factor, if applicable.

1.80 “Electric System Upgrades” means any Network Upgrades, Distribution Upgrades, or Interconnection Facilities that are determined to be necessary by the CAISO or Participating Transmission Owner, as applicable, to physically and electrically interconnect the Project to the Participating Transmission Owner’s electric system for receipt of Energy at the Point of Interconnection (as defined in the CAISO Tariff) if connecting to the CAISO Grid, or the Interconnection Point, if connecting to a part of the Participating TO’s electric system that is not part of the CAISO Grid.

1.81 “Electrician” means any person responsible for placing, installing, erecting, or connecting any electrical wires, fixtures, appliances, apparatus, raceways, conduits, solar photovoltaic cells or any part thereof, which generate, transmit, transform or utilize energy in any form or for any purpose.

1.82 “Eligible Intermittent Resources Protocol” or “EIRP” means the Eligible Intermittent Resource Protocol, as may be amended from time to time, as set forth in the CAISO Tariff.

1.83 “Eligible LC Bank” means either a U.S. commercial bank, or a foreign bank issuing a Letter of Credit through its U.S. branch; and in each case the issuing U.S. commercial bank or foreign bank must be acceptable to Buyer in its sole discretion and such bank must have a Credit Rating of at least: (a) “A-, with a stable designation” from S&P and “A3, with a stable designation” from Moody’s, if such bank is rated by both S&P and Moody’s; or (b) “A-, with a stable designation” from S&P or “A3, with a stable designation” from Moody’s, if such bank is rated by either S&P or Moody’s, but not both, even if such bank was rated by both S&P and Moody’s as of the date of issuance of the Letter of Credit but ceases to be rated by either, but not both of those ratings agencies.

1.84 “Eligible Renewable Energy Resource” or “ERR” has the meaning set forth in California Public Utilities Code Section 399.12 and California Public Resources Code Section 25741, as either code provision is amended or supplemented from time to time.

1.85 “Energy” means three-phase, 60-cycle alternating current electric energy measured in MWh and net of auxiliary loads and station electrical uses (unless otherwise specified).

1.86 “Energy Deviation(s)” means the absolute value of the difference, in MWh, in any Settlement Interval between (a) the final accepted Bid submitted for the Project; and (b) Delivered Energy.

1.87 “Energy Only Status Seller” or “EOS Seller” means a Seller that has selected Energy Only Status in the Cover Sheet. For avoidance of doubt, an EOS Seller does not have an obligation to have or obtain a Full Capacity Deliverability Status Finding.

1.88 “Energy Supply Bid” has the meaning set forth in the CAISO Tariff.

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

1.90 “EPC Contractor” means an engineering, procurement, and construction contractor, or if not utilizing an engineering, procurement and construction contractor, the entity having lead responsibility for the management of overall construction activities, selected by Seller, with substantial experience in the engineering, procurement, and construction of power plants of the same type of facility as the Seller’s; provided, however, that the Seller or the Seller’s Affiliate(s) may serve as the EPC Contractor.

1.91 “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.

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

1.93 “Excess Deemed Delivered Energy” has the meaning set forth in Section 4.4(a)(i).

1.94 “Excess Deemed Delivered Energy Price” has the meaning set forth in Section 4.3(a)(ii)(B).

1.95 “Excess Delivered Energy” has the meaning set forth in Section 4.4(a)(i).

1.96 “Excess Delivered Energy Price” has the meaning set forth in Section 4.4(a)(ii)(A).

1.97 “Excess Energy” has the meaning set forth in Section 4.4(a)(i).

1.98 “Excess Sale” means the type of transaction described in Section 3.1(b)(ii).

1.99 “Exclusivity Period” has the meaning set forth in Section 11.1(b)(i), as applicable.

1.100 “Execution Date” means the latest signature date found on the signature page of this Agreement.

1.101 “Exempt Wholesale Generator” has the meaning provided in 18 C.F.R. Section 366.1.

1.102 “Existing Project” is a Project that has achieved Commercial Operation on or prior to the Execution Date.

1.103 “Expected FCDS Date” means the date set forth in Section A of the Cover Sheet which is the date the Project is expected to achieve Full Capacity Deliverability Status.

1.104 “Expected PCDS Date” means the date set forth in Section A of the Cover Sheet which is the date the Project is expected to achieve Partial Capacity Deliverability Status.

1.105 “Expected Initial Energy Delivery Date” is the date specified on the Cover Sheet for an Existing Project.

1.106 “Expected Net Qualifying Capacity” means an estimate of the amount of Net Qualifying Capacity the Project would have received had it obtained deliverability according to the deliverability type selected in Section A of the Cover Sheet, as determined in accordance with Appendix VIII.

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

1.108 “Final True-Up” means the final payment made pursuant to this Agreement settling all invoices by the Party with an outstanding net amount due to the other Party for Product delivered prior to the end of the Delivery Term or other amounts due pursuant to this Agreement incurred prior to the end of the Delivery Term.

1.109 “First Offer” has the meaning set forth in Section 11.1(b)(i).

1.110 “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 if and to the extent (i) such event is not within the reasonable control, directly or indirectly, of the Party seeking to have its performance obligation(s) excused thereby, (ii) 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 (iii) such event is not the direct or indirect result of the negligence or the failure of, or caused by, the Party seeking to have its performance obligations excused thereby.

(a) Subject to the foregoing, events that could qualify as Force Majeure include the following:

(i) flooding, lightning, landslide, earthquake, fire, drought, explosion, epidemic, quarantine, storm, hurricane, tornado, volcanic eruption, 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;

(iii) except as set forth in subsection (b)(viii) 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); or

(iv) emergencies declared by the Transmission Provider or any other authorized successor or regional transmission organization or any state or federal regulator or legislature requiring a forced curtailment of the Project or making it impossible for the Transmission Provider to transmit Energy, including Energy to be delivered pursuant to this Agreement; provided that, if a curtailment of the Project pursuant to this subsection (a)(iv) would also meet the definition of a Curtailment Period, then it shall be treated as a Curtailment Period for purposes of Section 3.1(p).

(b) Force Majeure shall not be based on:

- hereunder;
- (i) Buyer's inability economically to use or resell the Product purchased
  - (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 permits or approvals of any type for the construction, operation, or maintenance of the Project, including a delay that could constitute a Permitting Delay unless caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iv) above;
  - (v) Seller's inability to obtain sufficient fuel, power or materials to operate the Project, except if Seller's inability to obtain sufficient fuel, power or materials is caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iv) above;
  - (vi) Seller's failure to obtain additional 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 Forced Outage except where such Forced Outage is caused by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iv) above;
  - (viii) 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;
  - (ix) 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)(iv) above; or
  - (x) a Party's inability to pay amounts due to the other Party under this Agreement, except if such inability is caused solely by a Force Majeure event that disables physical or electronic facilities necessary to transfer funds to the payee Party.

1.111 "Force Majeure Failure" has the meaning set forth in Section 11.1(a).

1.112 "Forced Outage" means any unplanned reduction or suspension of the electrical output from the Project or unavailability of the Product in whole or in part from a Unit in response to any control system trip or operator-initiated trip in response to an alarm or equipment malfunction; or any other unavailability of the Project or a Unit for operation, in whole or in part, for maintenance or repair that is not a Planned Outage and not the result of Force Majeure.

1.113 "Forecasting Penalty" has the meaning set forth in Section 4.4(c)(iii), and "Forecasting Penalties" means more than one Forecasting Penalty.

1.114 "Full Buy/Sell" is the type of transaction described in Section 3.1(b)(i).

1.115 "Full Capacity Deliverability Status" or "FCDS" has the meaning set forth in the CAISO Tariff except that it applies to any Generating Facility (as defined in the CAISO Tariff).

1.116 “Full Capacity Deliverability Status Finding” or “FCDS Finding” means a written confirmation from the CAISO that the Project is eligible for FCDS.

1.117 “Full Capacity Deliverability Status Seller” or “FCDS Seller” means a Seller that selected Full Capacity Deliverability Status in the Cover Sheet and either has previously obtained, or is obligated to obtain per the terms of the Agreement, a Full Capacity Deliverability Status Finding.

1.118 “Future Environmental Attributes” shall mean any and all generation attributes (other than Green Attributes or Renewable Energy Incentives) under the RPS regulations and/or under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable, now, or in the future, to the generation of electrical energy by the Facility.

1.119 “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 the Transaction, determined in a commercially reasonable manner, subject to Section 5.3 hereof. Factors used in determining economic benefit may include reference to information either available to it internally or supplied by one or more third parties, including quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market price referent, market prices for a comparable transaction, forward price curves based on economic analysis of the relevant markets, settlement prices for a comparable transaction at liquid trading platforms (e.g., NYMEX), all of which should be calculated for the remaining Delivery Term to determine the value of the Product.

1.120 “Generally Accepted Accounting Principles” means the standards for accounting and preparation of financial statements established by the Federal Accounting Standards Advisory Board (or its successor agency) or any successor standards adopted pursuant to relevant SEC rule.

1.121 “Generator Interconnection Agreement” or “GIA” means, for Projects interconnecting at the transmission level, the agreement and associated documents (or any successor agreement and associated documentation approved by FERC) by and among Seller, the Participating Transmission Owner, and the CAISO governing the terms and conditions of Seller’s interconnection with the CAISO Grid, including any description of the plan for interconnecting to the CAISO Grid. For Projects interconnecting at the distribution level, it means the agreement and associated documents (or any successor agreement and associated documentation) by and between Seller and the Participating Transmission Owner governing the terms and conditions of Seller’s interconnection with the Participating TO’s distribution system, including any description of the plan for interconnecting to Participating TO’s distribution system.

1.122 “Generator Interconnection Process” or “GIP” means the Generator Interconnection Procedures set forth in the CAISO Tariff or Participating TO’s tariff, as applicable, and associated documents; provided that if the GIP is replaced by such other successor procedures governing interconnection (a) to the CAISO Grid or Participating TO’s distribution system, as applicable, or (b) of generating facilities with an expected net capacity equal to or greater than the Project’s Contract Capacity, the term “GIP” shall then apply to such successor procedure.

1.123 “GEP Cure” has the meaning set forth in Section 3.1(e)(ii)(C).

1.124 “GEP Damages” has the meaning set forth in Appendix V.

1.125 “GEP Failure” means Seller’s failure to produce Delivered Energy plus Deemed Delivered Energy in an amount equal to or greater than the Guaranteed Energy Production amount for the applicable Performance Measurement Period.

1.126 “GEP Shortfall” means the amount in MWh by which Seller failed to achieve the Guaranteed Energy Production in the applicable Performance Measurement Period.

1.127 “Good Utility Practice” has the meaning provided in the CAISO Tariff.

1.128 “Governmental Approval” means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any governmental entity and 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.

1.129 “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.

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

1.131 “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: (a) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO) and other pollutants; (b) any avoided emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), 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;<sup>1</sup> (c) 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

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<sup>1</sup> 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.

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.

1.132 “Guaranteed Commercial Operation Date” has the meaning set forth in Section 3.9(c)(i).

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

1.134 “Guaranty” means a guaranty issued by an entity and in a form acceptable to Buyer in Buyer’s sole discretion.

1.135 “Imbalance Energy” has the meaning set forth in the CAISO Tariff.

1.136 “Initial Energy Delivery Date” has the meaning set forth in Section 3.1(c)(i).

1.137 “Initial Extension” has the meaning set forth in Section 3.1(c)(ii).

1.138 “Interconnection Customer’s Interconnection Facilities” has the meaning set forth in the CAISO Tariff or Participating TO’s tariff, as applicable.

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

1.140 “Interconnection Point” means the physical interconnection point of the Project as identified by Seller in the Cover Sheet.

1.141 “Interconnection Study” means any of the studies defined in the CAISO Tariff or, if applicable, any distribution provider’s tariff that reflect the methodology and costs to interconnect the Project to the Participating Transmission Owner’s electric grid.

1.142 “Integrated Forward Market” has the meaning set forth in the CAISO Tariff.

1.143 “Interest Amount” means, with respect to an Interest Period, the amount of interest calculated as follows: (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; (b) multiplied by the Interest Rate in effect for that Interest Period; (c) multiplied by the number of days in that Interest Period; (d) divided by 360.

1.144 “Interest Payment Date” means the date of returning unused Performance Assurance held in the form of cash.

1.145 “Interest Period” means the monthly period beginning on the first day of each month and ending on the last day of each month.

1.146 “Interest Rate” means the rate per annum equal to the “Monthly” Federal Funds Rate (as reset on a monthly basis based on the latest month for which such rate is available) as reported in Federal Reserve Bank Publication H.15(519), or its successor publication.

1.147 “JAMS” means JAMS, Inc. or its successor entity, a judicial arbitration and mediation service.



1.148 “Law” means any statute, law, treaty, rule, regulation, CEC guidance document, ordinance, code, permit, 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 becomes effective after the Execution Date; or any binding interpretation of the foregoing. For purposes of 10.1(b), “Seller Representations and Warranties” and 10.9 “Governing Law”, the term “law” shall have the meaning set forth in this definition.

1.149 “Letter of Credit” means an irrevocable, non-transferable standby letter of credit, the form of which must be substantially as contained in Appendix I to this Agreement; provided, that, if the issuer is a U.S. branch of a foreign commercial bank, Buyer may require changes to such form; the issuer must be an Eligible LC Bank on the date of Transfer; and the issuing Letter of Credit amount may not be greater than the Maximum Issuing Amount if the total amount of collateral posted by the Seller in the form of Letter of Credit exceeds ten million dollars (\$10,000,000.00) on the date of Transfer.

1.150 “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.

1.151 “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 the termination of the Transaction, determined in a commercially reasonable manner, subject to Section 5.3 hereof. Factors used in determining the loss of economic benefit may include reference to information either available to it internally or supplied by one or more third parties including quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market price referent, market prices for a comparable transaction, forward price curves based on economic analysis of the relevant markets, settlement prices for a comparable transaction at liquid trading platforms (e.g. NYMEX), all of which should be calculated for the remaining term of the Transaction to determine the value of the Product.

1.152 “Master File” has the meaning set forth in the CAISO Tariff.

1.153 “Maximum Issuing Amount” means the amount of a Letter of Credit to be issued by an Eligible LC Bank, which cannot exceed the lesser of (a) sixty percent (60%) of the total collateral posted by Seller in the form of Letter of Credit including the Letter of Credit to be issued or (b) twenty-five million dollars (\$25,000,000.00), without Buyer’s prior written consent.

1.154 “Milestone(s)” means the key development activities required for the construction and operation of the Project, as set forth in Section B(i)(b) of the Cover Sheet.

1.155 “Minimum Load” has the meaning set forth in the CAISO Tariff.

1.156 “Minimum Down Time” has the meaning set forth in the CAISO Tariff.

1.157 “Monthly Payment for Excess Energy” has the meaning set forth in Section 4.4(b). ***[For As-Available Product only]***

- 1.158 “Monthly Period” has the meaning set forth in Section 4.2.
- 1.159 “Moody’s” means Moody’s Investors Service, Inc., or its successor.
- 1.160 “MW” means megawatt in alternating current or AC.
- 1.161 “MWh” means megawatt-hour.
- 1.162 “NERC” means the North American Electric Reliability Corporation or a successor organization that is responsible for establishing reliability criteria and protocols.
- 1.163 “Net Rated Output Capacity” means the Project’s Energy production capability as measured at the CAISO revenue meter in any Capacity Test inclusive of deductions for all applicable Electrical Losses. *[Applies to Baseload Product only]*
- 1.164 “Net Qualifying Capacity” has the meaning set forth in the CAISO Tariff.
- 1.165 “Network Upgrades” has the meaning set forth in the CAISO Tariff or the Participating TO’s tariff, as applicable.
- 1.166 “New Project” is a Project that has not achieved Commercial Operation on or prior to the Execution Date.
- 1.167 “Non-Bypassable Charges” means all charges that are collected by PG&E from the customers of Buyer, including all applicable charges for transmission, transmission rate adjustments, reliability services, distribution, conservation incentive adjustment, public purpose programs, nuclear decommissioning, the franchise fee surcharge, new system generation charges, and the Cost Responsibility Surcharge.
- 1.168 “Non-Defaulting Party” has the meaning set forth in Section 5.2.
- 1.169 “Notice,” unless otherwise specified in the Agreement, means written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail). The Cover Sheet contains the names and addresses to be used for Notices.
- 1.170 “Notice to Proceed” means the full notice to proceed, provided by Seller to the EPC Contractor following execution of the EPC Contract between Seller and such EPC Contractor and satisfaction of all conditions to performance of such contract, by which Seller authorizes such EPC Contractor to begin mobilization and construction of the Project without any delay or waiting periods.
- 1.171 “Operational Deliverability Assessment” has the meaning set forth in the CAISO Tariff.
- 1.172 “Outage Notification Procedures” means the procedures specified in Appendix VI, attached hereto. RCEA reserves the right to revise or change the procedures upon written Notice to Seller.
- 1.173 “Partial Capacity Deliverability Status” or “PCDS” has the meaning set forth in the CAISO Tariff.

1.174 “Partial Capacity Deliverability Status Amount” means the number of MW that the Project will obtain, as stated in the Deliverability type selected in Section A of the Cover Sheet.

1.175 “Partial Capacity Deliverability Status Finding” or “PCDS Finding” means a written confirmation from the CAISO that the Project is eligible for PCDS.

1.176 “Participating Intermittent Resource” or “PIRP” has the meaning set forth in the CAISO Tariff. ***[For As-Available Product only]***

1.177 “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 and (b) has transferred to the CAISO operational control of such facilities and/or entitlements to be made part of the CAISO Grid.

1.178 “Party” means the Buyer or Seller individually, and “Parties” means both collectively. For purposes of Section 10.9, Governing Law, the word “party” or “parties” shall have the meaning set forth in this definition.

1.179 “Performance Assurance” means collateral provided by Seller to Buyer to secure Seller’s obligations hereunder and includes Project Development Security and Delivery Term Security, as applicable. Acceptable forms of collateral are cash or a Letter of Credit as designated in Section E of the Cover Sheet. The required form of Letter of Credit is attached hereto in Appendix I. ***[Existing ERRs to replace Project Development Security with Pre-Delivery Term Security]***

1.180 “Performance Measurement Period” has the meaning set forth in Section 3.1(e)(ii).

1.181 “Performance Tolerance Band” shall be calculated as set forth in Section 4.4(c)(ii).

1.182 “Permit Failure” has the meaning set forth in Section 3.9(d). ***[For New Projects only]***

1.183 “Permitting Delay” has the meaning set forth in Section 3.9(c)(ii)(A).

1.184 “Permitted Extensions” means extensions to the Guaranteed Commercial Operation Date due to Permitting Delay, Transmission Delay, or Force Majeure Extension, as applicable, pursuant to Section 3.9(c).

1.185 “Planned Outage” means the removal of equipment from service availability for inspection and/or general overhaul of one or more major equipment groups. To qualify as a Planned Outage, the maintenance (a) must actually be conducted during the Planned Outage, and in Seller’s sole discretion must be of the type that is necessary to reliably maintain the Project, (b) cannot be reasonably conducted during Project operations, and (c) causes the generation level of the Project to be reduced by at least ten percent (10%) of the Contract Capacity.

1.186 “PMax” has the meaning set forth in the CAISO Tariff.

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

1.188 “Portfolio Content Category 1” means any Renewable Energy Credit associated with the generation of electricity from an Eligible Renewable Energy Resource consisting of the portfolio content set forth in California Public Utilities Code Section 399.16(b)(1), as may be amended from time to time or as further defined or supplemented by Law.

1.189 “Preamble” means the paragraph that precedes Article One: General Definitions to this Agreement.

1.190 “Preschedule Day” has the meaning set forth in Section 3.4(b)(iii)(C).

1.191 “Product” means the Energy, capacity, Ancillary Services, and all products, services and/or attributes similar to the foregoing which are or can be produced by or associated with the Project and which is specified by Seller in the Cover Sheet and thereby committed to Seller by this Agreement, including renewable attributes, Renewable Energy Credits, Capacity Attributes and Green Attributes.

1.192 “Production Tax Credit” or “PTC” means the tax credit for electricity produced from certain renewable generation resources described in Section 45 of the Internal Revenue Code of 1986, as it may be amended or supplemented from time to time.

1.193 “Progress Report” means the report similar in form and content to that attached hereto as Appendix III.

1.194 “Project” means all of the Unit(s) and the Site at which the generating facility is located and the other assets, tangible and intangible, that compose the generation facility, including the assets used to connect the Unit(s) to the Interconnection Point, as more particularly described in the Cover Sheet.

1.195 “Project Development Security” is the collateral required of Seller, as specified and referred to in Section 8.3(a). *[Existing ERRs to replace Project Development Security with Pre-Delivery Term Security]*

1.196 “Project Specifications” has the meaning set forth in Appendix XII.

1.197 “Prolonged Outage” is any period of more than thirty (30) consecutive days during which the Project is or will be unable, for whatever reason, to provide at least sixty percent (60%) of the Contract Capacity.

1.198 “Qualifying Facility” has the meaning provided in the Public Utility Regulatory Policies Act (“PURPA”) and in regulations of the FERC at 18 C.F.R. §§ 292.201 through 292.207.

1.199 “RA Deficiency Amount” means the liquidated damages payment that Seller shall pay to Buyer for an applicable RA Shortfall Month as calculated in accordance with Section 3.3(e)(ii).

1.200 “RA Shortfall Period” means the period of consecutive calendar months that starts with the calendar month in which the RA Start Date occurs and concludes with the second calendar month following the calendar month in which the Effective FCDS Date or Effective PCDS Date occurs. The RA Shortfall Period shall not exceed twenty-six (26) months.

1.201 “RA Shortfall Month” means the applicable calendar month within the RA Shortfall Period for purposes of calculating an RA Deficiency Amount under Section 3.3(e)(ii).

1.202 “RA Start Date” shall be the later of the Initial Energy Delivery Date or the Expected PCDS Date or FCDS Date according to the deliverability type selected in Section A of the Cover Sheet.

1.203 “RA Value” means the value in U.S. dollars per MW of Expected Net Qualifying Capacity for each RA Shortfall Month, as set forth in Appendix VIII.

- 1.204 “Ramp Rate” has the meaning set forth in the CAISO Tariff.
- 1.205 “Real-Time Market” means any existing or future intra-day market conducted by the CAISO occurring after the Day-Ahead Market.
- 1.206 “Real-Time Price” means the Resource-Specific Settlement Interval LMP as defined in the CAISO Tariff. If there is more than one applicable Real-Time Price for the same period of time, Real-Time Price shall mean the price associated with the smallest time interval.
- 1.207 “Reductions” has the meaning set forth in Section 4.6(b).
- 1.208 “Reliability Coordinator” has the meaning set forth in the CAISO Tariff.
- 1.209 “Reliability Must-Run Contract” has the meaning set forth in the CAISO Tariff. “Reliability Network Upgrade” has the meaning set forth in the CAISO Tariff. ***[For Baseload Product only]***
- 1.210 “Reliability Network Upgrade” has the meaning set forth in the CAISO Tariff.
- 1.211 “Renewable Energy Credit” has the meaning set forth in California Public Utilities Code Section 399.12(h) and CPUC Decision 08-08-028, as may be amended from time to time or as further defined or supplemented by Law.
- 1.212 “Replacement Capacity Rules” means the replacement requirement for Resource Adequacy Capacity (as defined in the CAISO Tariff) associated with a Planned Outage as set forth in the CAISO Tariff or successor replacement requirements as prescribed by the CPUC, CAISO and/or other regional entity.
- 1.213 “Resource Adequacy” means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC Decisions D.04-01-050, 04-10-035 and 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, 15-06-063, 16-06-045, 17-06-027, 18-06-030, 18-06-031 and any other existing or subsequent decisions, resolutions or rulings addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemakings (R.) 04-04-003, 05-12-013, 14-10-10, and 17-09-020 or by any successor proceeding, and all other Resource Adequacy obligations established by any other entity, including the CAISO.
- 1.214 “Resource Adequacy Plan” has the meaning set forth in the CAISO Tariff.
- 1.215 “Resource Adequacy Requirements” has the meaning set forth in Section 3.3.
- 1.216 “Resource Adequacy Standards” means (a) the Program set forth in Section 40.9 of the CAISO Tariff and (b) any future program or provision under the CAISO Tariff providing for availability standards or similar standards with respect to any flexible Resource Adequacy resource, product, or procurement obligation; in the case of (a) or (b), as any such program or provision may be amended, supplemented, or replaced (in whole or in part) from time to time, setting forth certain standards regarding the desired level of availability for Resource Adequacy resources and possible changes and incentive payments for performance thereunder.
- 1.217 “Resource-Specific Settlement Interval LMP” has the meaning set forth in the CAISO Tariff.

- 1.218 “Retained Revenues” has the meaning set forth in Section 4.6(c).
- 1.219 “Revised Offer” has the meaning set forth in Section 11.1(b)(iii), as applicable.
- 1.220 “S&P” means the Standard & Poor’s Financial Services, LLC (a subsidiary of The McGraw-Hill Companies, Inc.) or its successor.
- 1.221 “Satisfaction Date” has the meaning set forth in Section 2.5.
- 1.222 “Schedule” has the meaning set forth in the CAISO Tariff.
- 1.223 “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.
- 1.224 “SEC” means the U.S. Securities and Exchange Commission.
- 1.225 “Self-Schedule” has the meaning set forth in the CAISO Tariff.
- 1.226 “Seller” has the meaning set forth in the Cover Sheet.
- 1.227 “Seller Excuse Hours” means those hours during which Seller is unable to deliver Delivered Energy to Buyer as a result of (a) a Force Majeure event, (b) Buyer’s failure to perform, or (c) Curtailment Period.
- 1.228 “Seller’s WREGIS Account” has the meaning set forth in Section 3.1(k)(i).
- 1.229 “Settlement Amount” means the amount in US dollars equal to the sum of Losses, Gains, and Costs, which the Non-Defaulting Party incurs as a result of the termination of this Agreement.
- 1.230 “Settlement Interval” has the meaning set forth in the CAISO Tariff.
- 1.231 “Settlement Interval Actual Available Capacity” means the sum of the capacity, in MWs, of all generating units of the Project that were available as of the end of such Settlement Interval, as indicated by the Actual Availability Report. ***[For As-Available Product only]***
- 1.232 “Shared Contract Year” has the meaning set forth in section 3.1(e)(ii)(C)(I).
- 1.233 “Site” means the location of the Project as described in Appendix VIII.
- 1.234 “Start-up” means the action of bringing a Unit from non-operation to operation at or above the Unit’s Minimum Load, or with positive generation output if Minimum Load is zero.
- 1.235 “Station Use” means all energy consumption necessary for the generation of electricity that can be supplied by the Project itself while it is generating electricity, and any loads not separately metered from any station use load. For a biomass facility, the energy demand to transport the biomass material that has undergone all processing necessary for consumption in the biomass boiler into the boiler, using stationary equipment (or at least stationary while operating) is considered station use.
- 1.236 “Surplus Delivered Energy” means, in any Settlement Interval, the Energy produced from the Project as measured in MWh at the CAISO revenue meter of the Project and in accordance with the

CAISO Tariff, including any applicable adjustments for power factor and Electrical Losses, that exceeds the product of one hundred percent (100%) of Contract Capacity multiplied by the duration of the Settlement Interval.

1.237 “Supply Plan” has the meaning set forth in the CAISO Tariff.

1.238 “System Emergency” has the meaning set forth in the CAISO Tariff.

1.239 “Term” has the meaning provided in Section 2.5.

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

1.241 “Termination Payment” means the payment amount equal to the sum of (a) and (b), where (a) is the Settlement Amount and (b) is the sum of all amounts owed by the Defaulting Party to the Non-Defaulting Party under this Agreement, less any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date.

1.242 “Test Period” means the period of not more than ninety (90) consecutive days, as extended by the Initial Extension and Additional Extension according to Section 3.1(c)(ii), as applicable, which period shall commence upon the first date that the following have occurred (a) the CAISO informs Seller in writing that Seller may deliver Energy from the Project to the CAISO Grid, and (b) the items in Section 3.4(a)(i)(E) have been fulfilled and implemented, and shall end upon the Initial Energy Delivery Date.

1.243 “Third-Party SC” means a qualified third party designated by Buyer to provide the Scheduling Coordinator functions for the Project pursuant to this Agreement. For purposes of this Agreement, and subject to replacement as provided in Section 3(4)(i)(B), Buyer has designated The Energy Authority (“TEA”) to act as its Third-Party SC. All references and provisions in this Agreement to Buyer acting in its capacity as Scheduling Coordinator shall mean and include the designated Third-Party SC regardless of whether the reference or provision in this Agreement expressly states “Third-Party SC.”

1.244 “Transaction” means the particular transaction described in its entirety in Section 3.1(b) of this Agreement.

1.245 “Transfer” with respect to Letters of Credit means the delivery of the Letter of Credit conforming to the requirements of this Agreement, by Seller or an Eligible LC Bank to Buyer or delivery of an executed amendment to such Letter of Credit (extending the term or varying the amount available to Buyer thereunder, if acceptable to Buyer) by Seller or Eligible LC Bank to Buyer.

1.246 “Transmission Delay” has the meaning set forth in Section 3.9(c)(ii)(B).

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

1.248 “Uninstructed Imbalance Energy” shall have the meaning set forth in the CAISO Tariff.

1.249 “Unit” means the technology used to produce the Products, which are identified in the Cover Sheet for the Transaction entered into under this Agreement.

1.250 “Variation(s)” means the absolute value of the difference, in MWh, in any Settlement Interval between (a) DA Scheduled Energy; and (b) Delivered Energy for the Settlement Interval. ***[For Baseload Product only]***

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

1.252 “Work” means (a) work or operations performed by a Party or on a Party’s behalf, and (b) materials, parts or equipment furnished in connection with such work or operations, including (i) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of “a Party’s work”, and (ii) the providing of or failure to provide warnings or instructions.

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

1.254 “WREGIS Certificate Deficit” has the meaning set forth in Section 3.1(k)(v).

1.255 “WREGIS Certificates” has the same meaning as “Certificate” as defined by WREGIS in the WREGIS Operating Rules and are designated as eligible for complying with the California Renewables Portfolio Standard.

1.256 “WREGIS Operating Rules” means those operating rules and requirements adopted by WREGIS as of May 1, 2018, as subsequently amended, supplemented or replaced (in whole or in part) from time to time.



## **ARTICLE TWO: GOVERNING TERMS AND TERM**

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

2.2 Interpretation. The following rules of interpretation shall apply in addition to those set forth in Section 10.10:

(a) The term “month” or “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 existing 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 One, 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) 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.

(f) Any reference in this Agreement to any natural person, Governmental Authority, corporation, partnership or other legal entity includes its permitted successors and assigns or any natural person, Governmental Authority, corporation, partnership or other legal entity succeeding to its functions.

(g) All references to dollars are to U.S. dollars.

(h) 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.

2.3 Authorized Representatives. 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.

2.4 Conditions Precedent.

(a) Conditions Precedent. Subject to Section 2.4 hereof, the Term shall not commence until the occurrence of all of the following:

(i) this Agreement has been duly executed by the authorized representatives of each of Buyer and Seller; and

(ii) Buyer receives from Seller the documentation listed in Appendix VIII (Seller Documentation Condition Precedent).

(b) Failure to Meet All Conditions Precedent. If the Condition Precedent set forth in Section 2.4(a)(ii) is waived by Buyer prior to or at execution of this Agreement but is not satisfied or further waived in writing by Buyer on or before one hundred and eighty (180) days from the execution date of this Agreement, then either Party may terminate this Agreement effective upon receipt of Notice by Seller. Neither Party shall have any obligation or liability to the other, including for a Termination Payment or otherwise, by reason of such termination.

## 2.5 Term.

(a) The term shall commence upon the satisfaction of the Conditions Precedent set forth in Section 2.4(a) of this Agreement and shall remain in effect until the conclusion of the Delivery Term unless terminated sooner pursuant to Section 2.4(b), Section 5.2 or Section 11.1 of this Agreement (the “Term”); provided that this Agreement shall thereafter remain in effect (i) until the Parties have fulfilled all obligations with respect to the Transaction, including payment in full of amounts due pursuant to the Final True-Up, the Settlement Amount, or other damages (whether directly or indirectly such as through set-off or netting) and the undrawn portion of the Project Development Security or Delivery Term Security, is released and/or returned as applicable (the “Satisfaction Date”) or (ii) in accordance with the survival provisions set forth in subpart (b) below.

(b) Notwithstanding anything to the contrary in this Agreement, (i) all rights under Section 10.4 (“Indemnities”) and any other indemnity rights shall survive the Satisfaction Date or the end of the Term (whichever is later) for an additional twelve (12) months; (ii) all rights and obligations under Section 10.6 (“Confidentiality”) shall survive the Satisfaction Date or the end of the Term (whichever is later) for an additional two (2) years; and (iii) the right of first offer in Section 11.1(b) shall survive the Satisfaction Date for three (3) years.

2.6 Material Change. This Section 2.6 is applicable only to Existing Projects as defined in Article 1, General Definitions.

(a) A “Material Change” means any of the following:

(i) Buyer forecasts for the upcoming year that it is unable to meet both of the following program objectives:

(A) Offer competitive generation rates at least 3% lower than PG&E’s, including adjustment for Non-Bypassable Charges, as filed in the first week of January each calendar year; and

(B) Achieve a forecasted community choice energy program reserve accumulation of \$2 million per year;

(I) The forecasted reserve accumulation calculation for any year will assume Buyer offers generation rates that are: (1) 3% lower than PG&E's after adjustments for Non-Bypassable Charges, and (2) are based on a portfolio that meets the minimum applicable federal, state, and local requirements, including the California Renewables Portfolio Standard and the requirements of California Public Utilities Code § 454.52. For avoidance of doubt, the forecasted reserve accumulation calculation for any year will not include new RCEA discretionary spending commitments for above-market procurement of energy products beyond what is necessary to meet the applicable minimum federal, state, and local requirements. For purposes of this Section 2.6, the individual year procurement requirement of resources meeting the requirements of California Public Utilities Code § 399.16(b)(1) for the California Renewables Portfolio Standard shall be equal to RCEA's annual retail sales for the applicable year multiplied by the percentages specified in the following table:

Delivery Year	Renewable Portfolio Standard
2018	29%
2019	31%
2020	33%
2021	35.8%
2022	38.5%
2023	41.3%
2024	44%
2025	46.7%
2026	49.3%
2027	52%
2028	54.7%
2029	57.3%
2030	60%

(ii) Buyer experiences either of the following:

(A) cumulative opt-out exceeding 20% from program launch;

(B) incremental opt-out exceeding 10% for a calendar year

beginning in 2018;

Opt-out will be measured on the basis of enrolled customer accounts vs. a baseline year of 2016. The opt-out calculation will use as a baseline the number of accounts that existed as of December 31, 2016, and will not include any Direct Access accounts.

(b) If a Material Change occurs, Buyer may provide notice to Seller and describe proposed terms and conditions for an amendment to this Agreement that would preserve or restore Buyer's ability to achieve the program objectives described in Section 2.6(a)(i) and (a)(ii) above. Within thirty (30) days of Buyer's notice, or such other time mutually agreed upon by the Parties, the Parties shall meet and attempt in good faith to negotiate such amendment. If the Parties are unable to agree upon such amendment within a reasonable period of time, as determined in good faith by Buyer, Buyer shall have the right to terminate this Agreement without further liability except with respect to payment of amounts accrued prior to termination. For avoidance of doubt, if Buyer terminates this Agreement pursuant to this Section 2.6, such termination shall not be an Event of Default and Buyer shall not be required to pay any Termination Payment.

## 2.7 Binding Nature.

(a) Upon Execution Date. This Agreement shall be effective and binding as of the Execution Date only to the extent required to give full effect to, and enforce, the rights and obligations of the Parties under:

- (i) Sections 5.1(a)(iv), 5.1(a)(v), 5.1(b)(ii), and 5.1(b)(vii);
- (ii) Section 5.1(a)(ii) only with respect to Section 10.1, and Section 5.1(a)(iii) only with respect to the Sections identified in this Section 2.7;
- (iii) Sections 5.2 through 5.7;
- (iv) Sections 8.2, 8.3(a)(i), 8.3(b), and 8.4;
- (v) Sections 10.1, 10.5 through 10.6, and Sections 10.10 through 10.13; and
- (vi) Articles One, Two, Seven, Twelve and Thirteen.

(b) Upon Effective Date. This Agreement shall be in full force and effect, enforceable and binding in all respects, upon occurrence of the Effective Date.

### **ARTICLE THREE: OBLIGATIONS AND DELIVERIES**

#### **3.1 Seller's and Buyer's Obligations.**

(a) Product. The Product to be delivered and sold by Seller and received and purchased by Buyer under this Agreement is set forth in the Cover Sheet.

(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, pursuant to Seller's election in the Cover Sheet of a Full Buy/Sell or Excess Sale arrangement as described in paragraphs 3.1(b)(i) and 3.1(b)(ii) below. Buyer shall pay Seller the Contract Price in accordance with the terms of this Agreement. 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 except with respect to Energy delivered to Buyer in connection with Energy Deviations or Variations, as applicable. Buyer shall have no obligation to receive or purchase Product from Seller prior to or after the Delivery Term. Seller shall be responsible for any costs or charges imposed on or associated with the Product or its delivery of the Product up to the Delivery Point. Buyer shall be responsible for any costs or charges imposed on or associated with the Product after its receipt at and from the Delivery Point. Each Party agrees to act in good faith in the performance of its obligations under this Agreement.

(i) Full Buy/Sell. If "Full Buy/Sell" is elected on the Cover Sheet, Seller agrees to sell to Buyer the Project's gross output of Product measured in kilowatt-hours, net of Station Use and transformation and transmission losses to and at the Delivery Point. Seller shall purchase all Energy required to serve the Project's on-site load, net of station use, from Buyer or applicable retail service provider pursuant to its applicable retail rate schedule.

(ii) Excess Sale. If "Excess Sale" is selected on the Cover Sheet, Seller agrees to sell to Buyer the Project's gross output of Product as measured in kilowatt-hours, net of station Use, any on-site load and transformation and transmission losses to the Delivery Point. Seller agrees to convey to Buyer all elements of Product associated with the Energy sold to Buyer.

(c) Delivery Term.

(i) Delivery Term and Initial Energy Delivery Date. As used herein, “Delivery Term” shall mean the period of Contract Years specified on the Cover Sheet, beginning on the first date that Buyer accepts delivery of the Product from the Project in connection with this Agreement following Seller’s demonstration of satisfaction of the items listed below in this Section 3.1(c)(i) (“Initial Energy Delivery Date”) and continuing until the end of the tenth, fifteenth, or twentieth Contract Year (as applicable, based on the Cover Sheet election) unless terminated pursuant to the terms of this Agreement; provided that the Expected Initial Energy Delivery Date may be extended pursuant to Section 3.1(c)(ii). The Initial Energy Delivery Date shall be the later of the (A) date that the Buyer receives the “Initial Energy Delivery Date Confirmation Letter” attached hereto as Appendix II and (B) the date listed as the Initial Energy Delivery Date on the Initial Energy Delivery Date Confirmation Letter. The Initial Energy Delivery Date shall occur as soon as practicable once all of the following have been satisfied: (I) Seller notifies Buyer that Commercial Operation has occurred; (II) Buyer shall have received and accepted the Delivery Term Security or Term Security, as applicable, in accordance with the relevant provisions of Article Eight of the Agreement, as applicable; (III) Seller shall have obtained the requisite CEC Certification and Verification for the Project (IV) all of the applicable Conditions Precedent in Section 2.5(a) have been satisfied or waived in writing; (V) for resources that are already under a contract as of the Execution Date, that existing contract must have expired by its own terms before the Initial Energy Delivery Date; (VI) Seller shall have demonstrated satisfaction of Seller’s other obligations in this Agreement that commence prior to or as of the Delivery Term; and (VII) unless Seller has been directed by Buyer to not participate in the Participating Intermittent Resource Program, Buyer shall have received written notice from the CAISO that the Project is certified as a Participating Intermittent Resource to the extent the Participating Intermittent Resource Program exists for the Project’s technology type at such time as the conditions in subsections (I) through (VI) of this Section 3.1(c)(i) are satisfied. ***[Subsection (VII) applicable to solar, wind, or hydro Projects only]***

(ii) Extensions of Test Period and Initial Energy Delivery Date. In the event that Seller cannot satisfy the requirements for the Initial Energy Delivery Date by the Expected Initial Energy Delivery Date, as set forth in Section 3.1(c)(i), then Seller may provide Buyer with a one-time Notice of a thirty (30) day extension of the Test Period and Expected Initial Energy Delivery Date (“Initial Extension”) along with a written explanation of the basis for the extension, no later than five (5) Business Days prior to the Expected Initial Energy Delivery Date. In the event that Seller requires an additional extension of the Test Period and Expected Initial Energy Delivery Date beyond the Initial Extension, Seller may request a further extension of the Test Period and Expected Initial Energy Delivery Date from Buyer no later than ten (10) days prior to the expiration of the Initial Extension of up to sixty (60) days by providing Notice to Buyer along with a detailed written explanation of the basis for such request (“Additional Extension”). Buyer shall provide Seller with Notice of Buyer’s acceptance or rejection, in its sole discretion, of such Notice of Additional Extension within ten (10) days of receipt of Seller’s Notice of Additional Extension. If Buyer fails to provide a Notice of Buyer’s acceptance or rejection, then Seller’s Notice of Additional Extension shall be deemed accepted. If Buyer provides Seller with Notice of Buyer’s rejection of the Additional Extension, then Seller may be subject to an Event of Default. As evidence of the Initial Energy Delivery Date, the Parties shall execute and exchange the “Initial Energy Delivery Date Confirmation Letter,” attached hereto as Appendix II, on the Initial Energy Delivery Date.

(d) Delivery Point. The Delivery Point shall be the PNode designated by the CAISO for the Project.

(e) Contract Quantity and Guaranteed Energy Production.

(i) Contract Quantity. The Contract Quantity during each Contract Year is the amount set forth in the applicable Contract Year in Section D of the Cover Sheet (“Delivery Term Contract Quantity Schedule”), which amount is inclusive of outages.

*[Use the following bracketed language for As-Available Product delivered by all facilities]*

*[(ii) Guaranteed Energy Production.*

(A) Throughout the Delivery Term, Seller shall be required to provide to Buyer an amount of Delivered Energy plus Deemed Delivered Energy, if any, no less than the Guaranteed Energy Production over two (2) consecutive Contract Years during the Delivery Term (“Performance Measurement Period”). “Guaranteed Energy Production” is equal to the product of (x) and (y), where (x) is one hundred sixty percent (160%) of the average of the Contract Quantities applicable to the two (2) Contract Years comprising the Performance Measurement Period ***[Photovoltaic facilities only to use the then-applicable Contract Quantities for the Performance Measurement Period]***, and (y) is the difference between (I) and (II), with the resulting difference divided by (I), where (I) is the number of hours in the applicable Performance Measurement Period and (II) is the aggregate number of Seller Excuse Hours in the applicable Performance Measurement Period. Guaranteed Energy Production is described by the following formula:

Guaranteed Energy Production = (160% × average of the Contract Quantities in MWh in Performance Measurement Period) × [(Hrs in Performance Measurement Period – Seller Excuse Hrs in Performance Measurement Period) / Hrs in Performance Measurement Period] ]

*[Use the following bracketed language for Baseload Product only]*

*[(ii) Guaranteed Energy Production.*

(A) Throughout the Delivery Term, Seller shall be required to provide to Buyer an amount of Delivered Energy plus Deemed Delivered Energy, if any, no less than the Guaranteed Energy Production in each Contract Year during the Delivery Term (“Performance Measurement Period”). “Guaranteed Energy Production” is equal to the product of (x) and (y), where (x) is ninety percent (90%) of the Contract Quantity, and (y) is the difference between (I) and (II), with the resulting difference divided by (I), where (I) is the number of hours in the applicable Performance Measurement Period and (II) is the aggregate number of Seller Excuse Hours in the applicable Performance Measurement Period. Guaranteed Energy Production is described by the following formula:

Guaranteed Energy Production = (90% × Contract Quantity in MWh) × [(Hrs in Performance Measurement Period – Seller Excuse Hrs in Performance Measurement Period) / Hrs in Performance Measurement Period] ]

***[Use the following subparts (B) and (C) to Section 3.1(e)(ii) for both As-Available and Baseload Products and all technologies]***

(B) In no event shall any amount of Delivered Energy plus Deemed Delivered Energy in any Settlement Interval that exceeds the Contract Capacity be credited toward or added to Seller’s Guaranteed Energy Production requirement.

(C) GEP Failure, Cure, Damages.

(I) If Seller has a GEP Failure, then within forty-five (45) days after the last day of the last month of such Performance Measurement Period, Buyer shall promptly provide Notice to Seller of such failure, provided that Buyer’s failure to provide Notice shall not constitute as a waiver of Buyer’s rights to collect GEP damages. Seller may cure the GEP Failure by

providing to Buyer an amount of Delivered Energy plus Deemed Delivered Energy, if any, that is no less than ninety percent (90%) of the Contract Quantity, subject to adjustment for Seller Excuse Hours over the next following Contract Year, as set forth in the formula below (“GEP Cure”).

$$\text{GEP Cure} = (90\% \times \text{Contract Quantity in MWh}) \times [(\text{Hrs in next following Contract Year} - \text{Seller Excuse Hrs in next following Contract Year}) / \text{Hrs in next following Contract Year}]$$

If Seller fails to provide sufficient Delivered Energy plus Deemed Delivered Energy, if any, as adjusted by Seller Excuse Hours, to qualify for the GEP Cure for a given Performance Measurement Period, Seller shall pay GEP Damages, calculated pursuant to Appendix V (“GEP Damages Calculation”). If Seller provides a GEP Cure or pays GEP Damages for the Contract Years in a particular Performance Measurement Period (“Cured Performance Measurement Period”), then for purposes of calculating the Guaranteed Energy Production in the following Performance Measurement Period, the amount of Delivered Energy plus Deemed Delivered Energy in the second Contract Year of the Cured Performance Measurement Period, which is also the first Contract Year of the following Performance Measurement Period (“Shared Contract Year”), shall be deemed equal to the greater of (X) the Delivered Energy plus Deemed Delivered Energy, if any, for the Shared Contract Year, subject to adjustment for Seller Excuse Hours, or (Y) eighty percent (80%) of Contract Quantity in the Shared Contract Year, where X and Y are calculated as follows:

$$X = (\text{Delivered Energy} + \text{Deemed Delivered Energy in Shared Contract Year}) \times [\text{Hrs in Shared Contract Year} / (\text{Hrs in Shared Contract Year} - \text{Seller Excuse Hours in Shared Contract Year})]$$
 or;

$$Y = 80\% \times \text{Contract Quantity in Shared Contract Year}$$

For the avoidance of doubt, the calculation set forth above for the amount of Delivered Energy plus Deemed Delivered Energy for the Shared Contract Year shall not apply to the cumulative GEP Shortfall under Section 5.1(b)(vi)(B).]

***[Bracketed text above applies to As-Available Product only.]***

(II) The Parties agree that the damages sustained by Buyer associated with Seller’s failure to achieve the Guaranteed Energy Production requirement would be difficult or impossible to determine, or that obtaining an adequate remedy would be unreasonably time consuming or expensive and therefore agree that Seller shall pay the GEP Damages to Buyer as liquidated damages. In no event shall Buyer be obligated to pay GEP Damages.

(III) After the GEP Cure period has run, if Seller has not achieved the GEP Cure, Buyer shall have forty-five (45) days to notify Seller of such failure. Within forty-five (45) days of the end of the GEP Cure period, Buyer shall provide Notice to Seller in writing of the amount of the GEP Damages, if any, which Seller shall pay within sixty (60) days of receipt of the Notice (the “Cure Payment Period”). If Seller does not pay the GEP Damages within the Cure Payment Period, then Buyer may, at its option, declare an Event of Default pursuant to Section 5.1(b)(vi)(A) within ninety (90) days following the Cure Payment Period. If Seller has failed to pay the GEP Damages, and Buyer does not (1) notify Seller of the GEP Failure or (2) declare an Event of Default pursuant to Section 5.1(b)(vi) within the ninety (90) day period, then Buyer shall be deemed to have waived its right to declare an Event of Default based on Seller’s failure with respect to the Performance Measurement Period which served as the basis for the notice of GEP Failure, GEP Damages, or default, subject to the limitations set forth in Section 5.1(b)(vi)(B).

***[The following bracketed version of Section 3.1(f) “Contract Capacity” applies to Full Buy/Sell transactions of As-Available Product only]***

/(f) Contract Capacity. The generation capability designated for the Project shall be the contract capacity in MW designated in the Cover Sheet, (the “Contract Capacity”), which shall be equal to the result of the Contract Capacity calculation performed in accordance with Section II of Appendix XIII. Throughout the Delivery Term, Seller shall sell and deliver all Product produced by the Project solely to Buyer. In no event shall Buyer be obligated to receive, in any Settlement Interval, any Surplus Delivered Energy. Seller shall not receive payment for any Surplus Delivered Energy. To the extent Seller delivers Surplus Delivered Energy to the Delivery Point in a Settlement Interval in which the Real-Time Price for the applicable PNode is negative, Seller shall pay Buyer an amount equal to the Surplus Delivered Energy (in MWh) during such Settlement Interval, multiplied by the absolute value of the Real-Time Price per MWh for such Settlement Interval.]

***[The following bracketed version of Section 3.1(f) “Contract Capacity” applies to all Baseload Products and Excess Sale transactions of As-Available Products.]***

/(f) Contract Capacity.

(i) Contract Capacity. The capacity of the Project at any time shall be the lower of the following: (A) the contract capacity in MW designated in the Cover Sheet or (B) the Net Rated Output Capacity of the Project (the “Contract Capacity”), which shall be equal to the result of the Contract Capacity calculation performed in accordance with Section II of Appendix XIII. Throughout the Delivery Term, Seller shall sell all Product produced by the Project solely to Buyer. In no event shall Buyer be obligated to receive, in any Settlement Interval, any Surplus Delivered Energy. Seller shall not receive payment for any Surplus Delivered Energy. To the extent Seller delivers Surplus Delivered Energy to the Delivery Point in a Settlement Interval in which the Real-Time Price for the applicable PNode is negative, Seller shall pay Buyer an amount equal to the Surplus Delivered Energy (in MWh) during such Settlement Interval, multiplied by the absolute value of the Real-Time Price per MWh for such Settlement Interval.

(ii) Net Rated Output Capacity Testing. Buyer shall have the right to request a Capacity Test as set forth in Appendix IV-3, to determine the Net Rated Output Capacity no more than one time per Contract Year. The resulting Net Rated Output Capacity shall be used to determine the Contract Capacity, in accordance with Section 3.1(f)(i) above, and shall remain in effect until the next Capacity Test requested by Buyer. Appendix IV-3 sets forth the agreements of Buyer and Seller with respect to the performance of Capacity Tests.]

(g) Project.

(i) All Product provided by Seller pursuant to this Agreement shall be supplied from the Project only. Seller shall not make any alteration or modification to the Project which results in a change to the Contract Capacity or the anticipated output of the Project without Buyer’s prior written consent. The Project is further described in Appendix XII.

(ii) Seller shall not relinquish its possession or demonstrable exclusive right to control the Project without the prior written consent of Buyer, except under circumstances provided in Section 10.5.

(h) Interconnection Facilities.

(i) Seller Obligations. Seller shall (A) arrange and pay independently for any and all necessary costs under any Generator Interconnection Agreement with the Participating Transmission Owner; (B) cause the Interconnection Customer’s Interconnection Facilities, including



metering facilities, to be maintained; and (C) comply with the procedures set forth in the GIP and applicable agreements or procedures provided under the GIP in order to obtain the applicable Electric System Upgrades and (D) obtain Electric System Upgrades, as needed, in order to ensure the safe and reliable delivery of Energy from the Project up to and including quantities that can be produced utilizing all of the Contract Capacity of the Project.

(ii) Coordination with Buyer.

(A) Seller shall (I) provide to Buyer copies of all material correspondence related thereto; and (II) provide Buyer with written reports of the status of the GIA on a monthly basis. The foregoing shall not preclude Seller from executing a GIA that it reasonably determines allows it to comply with its obligations under this Agreement and applicable Law.

(B) Excess Network Upgrade Costs. Seller shall provide Buyer within ten (10) Business Days of receipt thereof, copies of any Interconnection Study or the interconnection agreement tendered to Seller by the Participating Transmission Owner that may give rise to a termination right of Buyer under Section 3.9(f)(i). Within that same period Seller shall also provide Buyer a Notice of its irrevocable election to exercise or not exercise its right to assume financial responsibility for any Excess Network Upgrade Cost pursuant to Section 3.9(f)(i), with a failure to provide such an election deemed to be an election not to exercise such rights for purposes of administration and enforcement of the terms of this Agreement.

(i) Performance Excuses.

(i) Seller Excuse. For Seller selling As-Available Product, Seller shall be excused from achieving the Guaranteed Energy Production only for the applicable time period during Seller Excuse Hours.

(ii) Buyer Excuses. Buyer shall be excused from (A) receiving and paying for the Product only (I) during periods of Force Majeure, (II) by Seller's failure to perform, (III) during Curtailment Periods and (B) receiving Product during Buyer Curtailment Periods.

(iii) Curtailment. Notwithstanding Section 3.1(b) and this Section 3.1(i), Seller shall reduce output from the Project during any Curtailment Period or Buyer Curtailment Period.

(j) Greenhouse Gas Emissions Reporting. During the Term, Seller acknowledges that a Governmental Authority may require Buyer to take certain actions with respect to greenhouse gas emissions attributable to the generation of Energy, including reporting, registering, tracking, allocating for or accounting for such emissions. Promptly following Buyer's written request, Seller agrees to take all commercially reasonable actions and execute or provide any and all documents, information or instruments with respect to generation by the Project reasonably necessary to permit Buyer to comply with such requirements, if any. Nothing in this Section 3.1(j) shall cause Buyer to assume any liability or obligation with respect to Seller's compliance obligations with respect to the Project under any new or existing Laws, rules, or regulations.

(k) WREGIS. Seller shall, at its sole expense, take all actions and execute all documents or instruments necessary to ensure that all WREGIS Certificates associated with all

Renewable Energy Credits corresponding to all Delivered Energy and Surplus Delivered Energy are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard and transferred in a timely manner to Buyer for Buyer's sole benefit. Seller shall comply with all Laws, including the WREGIS Operating Rules, regarding the certification and transfer of such WREGIS Certificates to Buyer and Buyer shall be given sole title to all such WREGIS Certificates. Seller shall be deemed to have satisfied the warranty in Section 3.1(k)(viii), provided that Seller fulfills its obligations under Sections 3.1(k)(i) through (vii) below. In addition:

(i) Prior to the Initial Energy Delivery Date, Seller shall register the Project with WREGIS and establish an account with WREGIS ("Seller's WREGIS Account"), which Seller shall maintain until the end of the Delivery Term. Seller shall transfer the WREGIS Certificates using "Forward Certificate Transfers" (as described in the WREGIS Operating Rules) from Seller's WREGIS Account to the WREGIS account(s) of Buyer or the account(s) of a designee that Buyer identifies by Notice to Seller ("Buyer's WREGIS Account"). Seller shall be responsible for all expenses associated with registering the Project with WREGIS, establishing and maintaining Seller's WREGIS Account, paying WREGIS Certificate issuance and transfer fees, and transferring WREGIS Certificates from Seller's WREGIS Account to Buyer's WREGIS Account.

(ii) Seller shall cause Forward Certificate Transfers to occur on a monthly basis in accordance with the certification procedure established by the WREGIS Operating Rules. Since WREGIS Certificates will only be created for whole MWh amounts of Energy generated, any fractional MWh amounts (i.e., kWh) will be carried forward until sufficient generation is accumulated for the creation of a WREGIS Certificate.

(iii) Seller shall, at its sole expense, ensure that the WREGIS Certificates for a given calendar month correspond with the Delivered Energy for such calendar month as evidenced by the Project's metered data.

(iv) Due to the ninety (90) day delay in the creation of WREGIS Certificates relative to the timing of invoice payment under Article 6, Buyer shall make an invoice payment for a given month in accordance with Article 6 before the WREGIS Certificates for such month are formally transferred to Buyer in accordance with the WREGIS Operating Rules and this Section 3.1(k). Notwithstanding this delay, Buyer shall have all right and title to all such WREGIS Certificates upon payment to Seller in accordance with Article 6.

(v) A "WREGIS Certificate Deficit" means any deficit or shortfall in WREGIS Certificates delivered to Buyer for a calendar month as compared to the Delivered Energy for the same calendar month ("Deficient Month"). If any WREGIS Certificate Deficit is caused, or the result of any action or inaction, by Seller, then the amount of Delivered Energy in the Deficient Month shall be reduced by the amount of the WREGIS Certificate Deficit for the purposes of calculating Buyer's payment(s) to Seller under Article 6 and the Guaranteed Energy Production for the applicable Performance Measurement Period. Any amount owed by Seller to Buyer because of a WREGIS Certificate Deficit shall be made as an adjustment to Seller's next monthly invoice to Buyer in accordance with Article 6, and Buyer shall net such amount against Buyer's subsequent payment(s) to Seller pursuant to Article 6.

(vi) Without limiting Seller's obligations under this Section 3.1(k), if a WREGIS Certificate Deficit is caused solely by an error or omission of WREGIS, the Parties shall cooperate in good faith to cause WREGIS to correct its error or omission.

(vii) If WREGIS changes the WREGIS Operating Rules after the Execution Date or applies the WREGIS Operating Rules in a manner inconsistent with this Section 3.1(k) after the Execution Date, the Parties promptly shall modify this Section 3.1(k) as reasonably required to cause and enable Seller to transfer to Buyer's WREGIS Account a quantity of WREGIS Certificates for each given calendar month that corresponds to the Delivered Energy in the same calendar month.

(viii) 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.

(l) Access to Data

(i) Commencing on the first date on which the Project generates Product to be delivered to the CAISO Grid or the Delivery Point, if different, and continuing throughout the Term, Seller shall provide to Buyer, in a form reasonably acceptable to Buyer, the data set forth below on a real-time basis; provided that Seller shall agree to make and bear the cost of changes to any of the data delivery provisions below, as requested by Buyer, throughout the Term, which changes Buyer determines are necessary to forecast output from the Project, and/or comply with Law:

(A) read-only access to meteorological measurements, *[inverter]* ***[bracketed language applies to solar photovoltaic Projects only]*** and transformer availability, any other facility availability information;

(B) read-only access to energy output information collected by the supervisory control and data acquisition (SCADA) system for the Project;

(C) read-only access to the Project's CAISO revenue meter and all Project meter data at the Site;

(D) full, real-time access to the Project's Scheduling and Logging for the CAISO (SLIC) client application, or its successor system;

(E) net plant electrical output at the CAISO revenue meter;

***[Subparts (F) through (G) below shall only apply to wind and solar facilities]***

(F) instantaneous data measurements at sixty (60) second or increased frequency for the parameters set forth in Appendix X ("Telemetry Parameters for Wind or Solar Facilities"), which measurements shall be provided by Seller to Buyer in consolidated data report at least once every five minutes via flat file through a secure file transport protocol (FTP) system with an e-mail backup; and

(G) an equation, updated on an ongoing basis to reflect the potential generation of the Project as a function of ***[the following bracketed language applies to solar facilities only]*** [solar insolation, temperature, wind speed, and, if applicable, wind direction] ***[the following bracketed language applies to wind facilities only]*** [wind speed, wind direction, ambient temperature, atmospheric pressure]. Such equation shall take into account the expected availability of the facility.

For any month in which the above information and access is not available to Buyer for longer than twenty-four (24) continuous hours, Seller shall prepare and provide to Buyer upon Buyer's request a report with the Project's monthly Settlement Interval Actual Available Capacity in the

form set forth in Appendix IX (“Actual Availability Report”). Upon Buyer’s request, Seller shall promptly provide to Buyer any additional and supporting documentation necessary for Buyer to audit and verify any matters set forth in the Actual Availability Report. Buyer shall exercise commercially reasonable efforts to notify Seller of any deficiency by Seller in meeting the requirements of this Section 3.1(l)(i); provided that any failure by Buyer to provide such deficiency notice shall not result in any additional liability to Buyer under this Agreement.

(ii) Seller shall maintain at least a minimum of one hundred twenty (120) days’ historical data for all data required pursuant to Section 3.1(l)(i), which shall be available on a minimum time interval of one hour basis or an hourly average basis, except with respect to the meteorological measurements which shall be available on a minimum time interval of ten (10) minute basis. Seller shall provide such data to Buyer within five (5) Business Days of Buyer’s request.

(iii) Installation, Maintenance and Repair.

(A) Seller, at its own expense, shall install and maintain a secure communication link in order to provide Buyer with access to the data required in Section 3.1(l)(i) of this Agreement.

(B) Seller shall maintain the meteorological stations, telecommunications path, hardware, and software necessary to provide accurate data to Buyer or Third-Party SC (as applicable) to enable Buyer or the Third-Party SC to meet current CAISO scheduling requirements. Seller shall promptly repair and replace as necessary such meteorological stations, telecommunications path, hardware and software and shall notify Buyer as soon as Seller learns that any such telecommunications paths, hardware and software are providing faulty or incorrect data.

(C) If Buyer notifies Seller of the need for maintenance, repair or replacement of the meteorological stations, telecommunications path, hardware or software, Seller shall maintain, repair or replace such equipment as necessary within five (5) days of receipt of such Notice.

(D) For any occurrence in which Seller’s telecommunications system is not available or does not provide quality data and Buyer notifies Seller of the deficiency or Seller becomes aware of the occurrence, Seller shall transmit data to Buyer through any alternate means of verbal or written communication, including cellular communications from onsite personnel, facsimile, blackberry or equivalent mobile e-mail, or other method mutually agreed upon by the Parties, until the telecommunications link is re-established.

(iv) Seller agrees and acknowledges that Buyer may seek from third parties any information relevant to its duties as SC for Seller, including from the Participating Transmission Operator. Seller hereby voluntarily consents to allow the Participating Transmission Operator to share Seller’s information with Buyer in furtherance of Buyer’s duties as SC for Seller, and agrees to provide the Participating Transmission Owner with written confirmation of such voluntary consent at least ninety (90) days prior to the Initial Energy Delivery Date.

(v) No later than ninety (90) days before the Initial Energy Delivery Date, Seller shall provide one (1) year, if available, but no less than six (6) months, of recorded meteorological data to Buyer in a form reasonably acceptable to Buyer from a weather station at the Site. Such weather station shall provide, via remote access to Buyer, all data relating to (A) ***[Include the following bracketed language for solar Projects only]*** [total global horizontal irradiance, plane of array or direct normal insolation as is applicable for project type, air temperature, wind speed and direction, precipitation, barometric pressure, visibility in fog areas (forward scatter sensor) and humidity at the Site] ***[Include the***

***following bracketed language for wind Projects only*** [wind speed and direction (as close to hub height as possible), standard deviation of wind direction, peak instantaneous values, air temperature, barometric pressure, and humidity at the Site], as well as time-average data including 10-minute and hourly values of irradiance or insolation, air temperature, wind speed, wind direction, standard deviation of wind direction, relative humidity, precipitation, barometric pressure ***[Include the following bracketed language only if winter season output of solar Project is an issue]*** [and visibility in fog areas] All data, except peak values, should be 1-second samples averaged into 10-minute periods; (B) elevation, latitude and longitude of the weather station; and (C) any other data reasonably requested by Buyer.]

(m) Obtaining and Maintaining CEC Certification and Verification. Seller shall take all necessary steps including making or supporting timely filings with the CEC to obtain and maintain CEC Certification and Verification throughout the Term.

(n) Curtailment Requirements.

(i) Order. Seller shall reduce generation from the Project as required pursuant to a Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order, provided that (A) a Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order shall be consistent with the operational characteristics set forth in Section F of the Cover Sheet; (B) the Buyer Curtailment Period shall be for zero hours during the Delivery Term and (C) Buyer shall pay Seller for Deemed Delivered Energy associated with a Buyer Curtailment Period pursuant to Article 4. Seller agrees to reduce the Project's generation by the amount and for the period set forth in the Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order.

(ii) Failure to Comply. If Seller fails to comply with a Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order provided in compliance with Section 3.1(p)(i), then, for each MWh of Delivered Energy that the Project generated in contradiction to the Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order, Seller shall pay Buyer for each such MWh at an amount equal to the sum of (A) + (B) + (C), where: (A) is the amount, if any, paid to Seller by Buyer for delivery of such MWh (for example, the Contract Price) and, (B) is the absolute value of the Real-Time Price for the applicable PNode, if such price is negative, for the Buyer Curtailment Period or Curtailment Period and, (C) is any penalties or other charges resulting from Seller's failure to comply with the Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order.

(o) Seller Equipment Required for Curtailment Instruction Communications. Seller shall acquire, install, and maintain such facilities, communications links and other equipment, and implement such protocols and practices, as necessary to respond and follow instructions, including an electronic signal conveying real time and intra-day instructions, to operate the Units as directed by the Buyer and/or a Governmental Authority, including to implement a Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order in accordance with the then-current methodology used to transmit such instructions as it may change from time to time. 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 the steps necessary to become compliant as soon as commercially reasonably possible. Seller shall be liable pursuant to Section 3.1(p)(ii) for failure to comply with a Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order, 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, a Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order communication via such systems and facilities shall have the same force and effect on Seller as any other form of communication.

### 3.2 Green Attributes.

(a) Seller hereby provides and conveys all Green Attributes associated with all Delivered Energy and Surplus Delivered Energy 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. Notwithstanding the foregoing, Seller shall not be obligated to convey to Buyer any Green Attributes associated with Excess Energy, and may convey any Green Attributes Associated with Excess Energy to a third party.

#### (b) Future Environmental Attributes.

(i) The Parties acknowledge and agree that as of the Effective Date, environmental attributes sold under this Agreement are restricted to Green Attributes; however, Future Environmental Attributes may be created by a Governmental Authority through Laws enacted after the Effective Date. In such event, Buyer shall bear all costs associated with the transfer, qualification, verification, registration and ongoing compliance for such Future Environmental Attributes, but there shall be no increase in the Contract Price. Upon Seller's receipt of Notice from Buyer of Buyer's intent to claim such Future Environmental Attributes, the Parties shall determine the necessary actions and additional costs associated such Future Environmental Attributes. Seller shall have no obligation to alter the Facility unless the Parties have agreed on all necessary terms and conditions relating to such alteration and Buyer has agreed to reimburse Seller for all costs associated with such alteration.

(ii) If Buyer elects to receive Future Environmental Attributes pursuant to Section 3.2, the Parties agree to negotiate in good faith with respect to the development of further agreements and documentation necessary to effectuate the transfer of such Future Environmental Attributes, including agreement with respect to (i) appropriate transfer, delivery and risk of loss mechanisms, and (ii) appropriate allocation of any additional costs, as set forth above; *provided*, that the Parties acknowledge and agree that such terms are not intended to alter the other material terms of this Agreement.

### 3.3 Resource Adequacy.

(a) During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Capacity Attributes from the Project, to enable Buyer to meet its Resource Adequacy or successor program requirements, as the CPUC, CAISO and/or other regional entity may prescribe, including submission of a Supply Plan or Resource Adequacy Plan ("Resource Adequacy Requirements"). From the Execution Date, and for the duration of the Delivery Term, Seller shall take all commercially reasonable actions, including complying with all applicable registration and reporting requirements, and execute any and all documents or instruments necessary to enable Buyer to use all of the capacity of the Project, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Agreement to meet Buyer's Resource Adequacy Requirements during the Delivery Term.

(b) Seller shall be responsible for all costs, charges, expenses, penalties, and obligations resulting from Resource Adequacy Standards, if applicable, and Seller shall be entitled to retain all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Resource Adequacy Standards, if applicable.

(c) Buyer shall be responsible for all costs, charges, expenses, penalties, and obligations resulting from the Replacement Capacity Rules, if applicable, provided that Seller has given Buyer Notice of the outages subject to the Replacement Capacity Rules by the earlier of ninety (90) days

before the first day of the month for which the outage will occur or forty-five (45) days before Buyer's monthly Resource Adequacy capacity showing in accordance with the CAISO Tariff or decision of the CPUC. If Seller fails to provide such Notice, then Seller shall be responsible for all costs, charges, expenses, penalties, and obligations resulting from the Replacement Capacity Rules for such outage.

(d) To the extent Seller has an exemption from the Resource Adequacy Standards or the Replacement Capacity Rules under the CAISO Tariff, Sections 3.3(b) and 3.3(c) above shall not apply. If Seller would like to request an exemption for this Agreement from the CAISO, Seller shall provide to Buyer, as Seller's Scheduling Coordinator, Notice specifically requesting that Buyer seek certification or approval of this Agreement as an exempt contract pursuant to the CAISO Tariff; provided that Buyer's failure to obtain such exemption shall not be an Event of Default and Buyer shall not have any liability to Seller for such failure.

(e) Resource Adequacy Failure.

(i) RA Deficiency Determination. Notwithstanding Seller's obligations set forth in Section 3.4(a)(i)(A) or anything to the contrary herein, the Parties acknowledge and agree that:

(A) if Seller is unable to obtain the deliverability type selected in Section A of the Cover Page by the RA Start Date, then Seller shall pay to Buyer the RA Deficiency Amount for each RA Shortfall Month as liquidated damages due to Buyer for the Capacity Attributes that Seller failed to convey to Buyer; and

(B) if Seller is unable to obtain the deliverability type selected in Section A of the Cover Page by the Deliverability Finding Deadline, then Seller shall be in breach of this Agreement and subject to an Event of Default under Sections 5.1(b)(v) - (vi), regardless of Seller's payment of any RA Deficiency Amount hereunder.

(ii) RA Deficiency Amount Calculation.

(A) Buyer shall calculate the RA Deficiency Amount for each RA Shortfall Month using the formula set forth in Section 3.3(e)(ii)(B). Buyer shall notify Seller of the RA Deficiency Amount for a given RA Shortfall Month no later than the last day of that RA Shortfall Month. The Parties agree that these liquidated damages shall be paid to Buyer for each RA Shortfall Month and constitute a reasonable approximation of the harm or loss suffered by Buyer. The Parties further agree that Buyer may use such liquidated damages for any purpose in its sole discretion. Seller shall pay the RA Deficiency Amount for a given RA Shortfall Month in the form of a deduction from the amount invoiced by Seller in such month pursuant to Section 6.1. In the event that the RA Deficiency Amount for a given RA Shortfall Month exceeds the amount invoiced pursuant to Section 6.1, Buyer shall make no payment to Seller for that month, and the difference between the invoiced amount and the RA Deficiency Amount shall be deducted from the amount(s) invoiced in the succeeding month(s) until all of the RA Deficiency Amount for such RA Shortfall Month has been deducted. Any dispute regarding Buyer's calculation of any RA Deficiency Amount shall be resolved in accordance with Article Twelve.

(B) The RA Deficiency Amount for a given RA Shortfall Month shall be equal to the product of the RA Value and the Expected Net Qualifying Capacity, as calculated in accordance with Appendix XIII. The RA Deficiency Amount is represented by the following equation:

$$\text{RA Deficiency Amount (\$/Month)} = \text{RA Value (\$/MW/Month)} \times \text{Expected Net Qualifying Capacity (MW)}$$

To the extent the Project obtains Net Qualifying Capacity that Seller applies towards its obligations under Section 3.3(a) before the Project obtains the deliverability type selected in Section A of the Cover Page (e.g., through the CAISO's Operational Deliverability Assessment), then the RA Deficiency Amount calculated above for a given RA Shortfall Month shall be reduced accordingly (e.g. the RA Deficiency Amount would equal the product of (x) the RA Value and (y) the difference between the Expected Net Qualifying Capacity and the actual Net Qualifying Capacity):

RA Deficiency Amount (\$/Month) = RA Value (\$/MW/Month) × [Expected Net Qualifying Capacity (MW) – actual Net Qualifying Capacity (MW)].

(f) Central Buyer and/or Central Procurement Entity Bid Requirements. If the CPUC adopts regulations authorizing a central buyer, central procurement entity, or other similar entity to procure Resource Adequacy on behalf of Buyer, then Seller shall take all reasonable actions to assist Buyer in maximizing the economic value associated with the Capacity Attributes of the Product.

### 3.4 Transmission and Scheduling.

#### (a) Transmission.

(i) Seller's Transmission Service Obligations. Throughout the Term, and consistent with the terms of this Agreement, Seller shall:

(A) arrange and pay independently for any and all necessary electrical interconnection, distribution and/or transmission (and any regulatory approvals required for the foregoing), sufficient to allow Seller to deliver the Product to the Delivery Point for sale pursuant to the terms of this Agreement. Seller's interconnection, distribution and/or transmission arrangements shall provide for the deliverability type selected in Section A of the Cover Sheet as of the RA Start Date and throughout the Delivery Term.

(B) If Seller has elected Energy Only Status on the Cover Sheet, this Section 3.4(a)(i)(B) is not applicable. An FCDS or PCDS Seller shall have either previously obtained, or is obligated to obtain per the terms of the Agreement, a FCDS or PCDS Finding. If Seller's Project has not attained Full Capacity Deliverability Status or Partial Capacity Deliverability Status prior to the Execution Date, Seller shall take all actions necessary or appropriate to cause the Delivery Network Upgrades necessary for it to obtain Full Capacity Deliverability Status or Partial Capacity Deliverability Status to be constructed and placed into service. The cost of each Deliverability Assessment and any necessary Delivery Network Upgrades to ensure Full Capacity Deliverability Status or Partial Capacity Deliverability Status shall be borne solely by Seller. When the CAISO advises Seller that the Project has Full Capacity Deliverability Status or Partial Capacity Deliverability Status, Seller shall Notify Buyer of such status within five (5) Business Days of the date it receives notification from the CAISO of such status by providing Buyer documentation from the CAISO. The Effective FCDS Date or Effective PCDS Date must occur on or before the Deliverability Finding Deadline; a failure to do so shall constitute an Event of Default under Section 5.1(a)(iii). The Termination Payment for an Event of Default caused by Seller's failure to achieve the Effective FCDS Date or Effective PCDS Date on or before the Deliverability Finding Deadline shall be capped at the amount of Seller's Delivery Term Security or Term Security obligation under Section 8.3(a)(ii) or (iii), as applicable.

(C) if the Project has or obtains FCDS, Seller shall Notify Buyer of such status as of the Execution Date, if applicable, or within five (5) Business Days of the date it receives notification from the CAISO of such status by providing Buyer documentation from the CAISO.



(D) bear all risks and costs associated with such transmission service, including any transmission outages or curtailment to the Delivery Point.

(E) fulfill all contractual, metering and applicable interconnection requirements, including those set forth in the Participating Transmission Owner's applicable tariffs, the CAISO Tariff and implementing CAISO standards and requirements, so as to be able to deliver Energy from the Project according to the terms of this Agreement.

(ii) Buyer's Transmission Service Obligations. During the Delivery Term,

(A) Buyer shall arrange and be responsible for transmission service at and from the Delivery Point.

(B) Buyer shall bear all risks and costs associated with such transmission service, including any transmission outages or curtailment from the Delivery Point.

(C) Buyer shall schedule or arrange for Scheduling Coordinator services with its Transmission Providers to receive the Product at the Delivery Point.

(D) Buyer shall be responsible for all CAISO costs and charges, electric transmission losses and congestion at and from the Delivery Point.

***[The following Section (b) "EIRP Requirements" applies to EIRP-eligible facilities only]***

[(b)] EIRP Requirements. Seller shall provide Buyer with a copy of the notice from CAISO certifying the Project as a Participating Intermittent Resource as soon as practicable after Seller's receipt of such notice of certification. As of the first date of the Test Period and until the Project receives certification as a Participating Intermittent Resource, Seller, at its sole cost, shall comply with EIRP and additional protocols issued by the CAISO for Eligible Intermittent Resources. Throughout the Delivery Term, Seller, at its sole cost, shall participate in and comply with EIRP and all additional protocols issued by the CAISO for a Participating Intermittent Resource. Throughout the Delivery Term, Seller, at its sole cost, shall participate in and comply with all other protocols issued by the CAISO for generating facilities providing energy on an intermittent basis; provided that, if multiple options exist, then Seller shall comply with any such protocols, rules or regulations as directed by Buyer. Throughout the Delivery Term, Buyer in its limited capacity as Seller's Scheduling Coordinator shall facilitate communication with the CAISO and provide other administrative materials to CAISO as necessary to satisfy Seller's obligations as Seller's Scheduling Coordinator and to the extent such actions are at *de minimis* cost to Buyer.]

[(b)][(c)] Scheduling Coordinator. Buyer, or Buyer's designated Third-Party SC, shall act as the Scheduling Coordinator for the Project. In that regard, Buyer and Seller shall agree to the following:

(i) Designation as Scheduling Coordinator.

(A) At least ninety (90) days before the beginning of the Delivery Term, Seller shall take all actions and execute and deliver to Buyer all documents necessary to authorize or designate Buyer's Third-Party SC as Seller's Scheduling Coordinator, and the Third-Party SC will take all actions and execute and deliver to Seller or CAISO all documents necessary to become and act as Seller's Scheduling Coordinator. If Buyer replaces its designated Third-Party SC, then Buyer shall give Seller Notice of such designation at least ninety (90) Business Days before the successor Third-Party SC assumes Scheduling Coordinator duties hereunder, and Seller shall be entitled to rely on such designation

until it is revoked or a new Third-Party SC is appointed by Buyer upon similar Notice. Buyer shall be fully responsible for all acts and omissions of Third-Party SC and for all cost, charges and liabilities incurred by Third-Party SC to the same extent that Buyer would be responsible under this Agreement for such acts, omissions, costs, charges and liabilities if taken, omitted or incurred by Buyer directly.

(B) Seller shall not authorize or designate any other party to act as Scheduling Coordinator, nor shall Seller perform, for its own benefit, the duties of Scheduling Coordinator during the Delivery Term.

(ii) Buyer's Responsibilities as Scheduling Coordinator. Buyer or Third-Party SC shall comply with all obligations as Seller's Scheduling Coordinator under the CAISO Tariff and shall conduct all scheduling in full compliance with the terms and conditions of this Agreement, the CAISO Tariff, and all requirements of EIRP (if applicable).

(iii) Available Capacity Forecasting. Seller shall provide the Available Capacity forecasts described below. *[The following bracketed language applies to As-Available solar or wind Projects only]* [Seller's availability forecasts below shall include Project availability and updated status of *[The following bracketed language applies to solar Projects only]* [photovoltaic panels, inverters, transformers, and any other equipment that may impact availability] or *[The following bracketed language applies to wind Projects only]* [transformers, wind turbine unit status, and any other equipment that may impact availability].] *[The following bracketed language applies to As-Available Product only]* [To avoid Forecasting Penalties set forth in Section 4.6(c)(iii).] Seller shall use commercially reasonable efforts to forecast the Available Capacity of the Project accurately and to transmit such information in a format reasonably acceptable to Buyer. Buyer and Seller shall agree upon reasonable changes to the requirements and procedures set forth below from time-to-time, as necessary to comply with CAISO Tariff changes, accommodate changes to their respective generation technology and organizational structure and address changes in the operating and Scheduling procedures of Buyer, Third-Party SC (if applicable) and the CAISO, including automated forecast and outage submissions.

(A) Annual Forecast of Available Capacity. No later than (I) the earlier of July 1 of the first calendar year following the Execution Date or one hundred and eighty (180) days before the first day of the first Contract Year of the Delivery Term ("First Annual Forecast Date"), and (II) on or before July 1 for each calendar year from the First Annual Forecast Date for every subsequent Contract Year during the Delivery Term, Seller shall provide to Buyer and Third-Party SC (if applicable) a non-binding forecast of the hourly Available Capacity for each day in each month of the following calendar year in a form reasonably acceptable to Buyer.

(B) Monthly Forecast of Available Capacity. Seller shall provide to Buyer and Third-Party SC (if applicable), pursuant to subsections (I) and (II) below, a non-binding forecast of the hourly Available Capacity for each day of the following month in a form reasonably acceptable to Buyer:

(I) by forty-five (45) days before Buyer's monthly Resource Adequacy capacity showing in accordance with the CAISO Tariff or decision of the CPUC, and

(II) throughout the Delivery Term, by the earlier of ninety (90) days before the beginning of each month or forty-five (45) days before Buyer's monthly Resource Adequacy capacity showing must be completed in accordance with the CAISO Tariff or decision of the CPUC.

(C) Daily Forecast of Available Capacity. During the Delivery Term, Seller or Seller's agent shall provide a binding day ahead forecast of Available Capacity (the "Day-Ahead Availability Notice") to Buyer or Third-Party SC (as applicable) at insert information here, as provided in Appendix VI, for each day no later than fourteen (14) hours before the beginning of the "Preschedule Day" (as defined by the WECC) for such day. The current industry standard Preschedule Day timetable in the WECC is as follows:

- (1) Monday – Preschedule Day for Tuesday
- (2) Tuesday – Preschedule Day for Wednesday
- (3) Wednesday – Preschedule Day for Thursday
- (4) Thursday – Preschedule Day for Friday and Saturday
- (5) Friday – Preschedule Day for Sunday and Monday

Exceptions to this standard Monday through Friday Preschedule Day timetable are presently set forth by the WECC in order to accommodate holidays, monthly transitions and other events. Exceptions are posted on the WECC website ([www.wecc.biz](http://www.wecc.biz)) under the document title, "Preschedule Calendar." Each Day-Ahead Availability Notice shall clearly identify, for each hour, Seller's forecast of all amounts of Available Capacity pursuant to this Agreement. If the Available Capacity changes by at least one (1) MW as of a time that is less than fourteen (14) hours prior to the Preschedule Day but prior to the CAISO deadline for submittal of Schedules into the Day-Ahead Market then Seller must notify Buyer of such change by telephone and shall send a revised notice to insert information here as set forth in Appendix VI. Such Notices shall contain information regarding the beginning date and time of the event resulting in the change in Available Capacity, the expected end date and time of such event, the expected Available Capacity in MW, and any other necessary information.

If Seller fails to provide the Third-Party SC with a Day-Ahead Availability Notice as required herein, then, until Seller provides a Day-Ahead Availability Notice, the Third-Party SC may rely on the most recent Day-Ahead Forecast of Available Capacity submitted by Seller to Third-Party SC to the extent Seller's failure contributes to Imbalance Energy, Seller shall be subject to the Forecasting Penalties set forth in Section 4.5(c).

(D) Real-Time Available Capacity. During the Delivery Term, Seller shall notify Third-Party SC of any changes in Available Capacity of one (1) MW or more, whether due to Forced Outage, Force Majeure or other cause, as soon as reasonably possible, but no later than one (1) hour prior to the deadline for submitting Schedules to the CAISO in accordance with the CAISO rules for participation in the Real-Time Market. If the Available Capacity changes by at least one (1) MW as of a time that is less than one (1) hour prior to the Real-Time Market deadline, but before such deadline, then Seller must likewise notify Third-Party SC. Such Notices shall contain information regarding the beginning date and time of the event resulting in the change in Available Capacity, the expected end date and time of such event, the expected Available Capacity in MW, and any other information required by the CAISO or reasonably requested by Third-Party SC. With respect to any Forced Outage, Seller shall use commercially reasonable efforts to notify Third-Party SC of such outage within ten (10) minutes of the commencement of the Forced Outage. Seller shall inform Third-Party SC of any developments that will affect either the duration of such event or the availability of the Project during or after the end of such event. These notices and changes to Available Capacity shall be communicated in a method acceptable to Third-Party SC; provided that Third-Party SC specifies the method no later than 60 days prior to the effective date of such requirement. In the event Third-Party SC fails to provide Notice of an acceptable method for communications under this Section 3.4(b)(iii)(D), then Seller shall send such communications by telephone to Third-Party SC's Real-Time Desk and via email to insert information here as set forth in Appendix VI.

(E) To the extent that Seller obtains, in the normal course of business, other forecasts of energy production at the Project not otherwise specified in this Section 3.4, then Seller shall grant Buyer read-only access to such forecasts.

(iv) Replacement of Scheduling Coordinator.

(A) At least ninety (90) days prior to the end of the Delivery Term, or as soon as practicable before the date of any termination of this Agreement prior to the end of the Delivery Term, Seller shall take all actions necessary to terminate the designation of Buyer or the Third-Party SC, as applicable, as Seller's SC. These actions include (I) submitting to the CAISO a designation of a new SC for Seller to replace Buyer or the Third-Party SC (as applicable); (II) causing the newly-designated SC to submit a letter to the CAISO accepting the designation; and (III) informing Buyer and the Third-Party SC (if applicable) of the last date on which Buyer or the Third-Party SC (as applicable) will be Seller's SC.

(B) Buyer shall submit, or if applicable cause the Third-Party SC to submit, a letter to the CAISO identifying the date on which Buyer (or Third-Party SC, as applicable) resigns as Seller's SC on the first to occur of either (I) thirty (30) days prior to the end of the Delivery Term or (II) the date of any early termination of this Agreement.

3.5 Standards of Care.

(a) General Operation. Seller shall comply with all applicable requirements of Law, the CAISO, NERC and WECC relating to the Project (including those related to construction, safety, ownership and/or operation of the Project). In the event Seller requires any data or information from Buyer in order to comply with any applicable requirements of Law, including the requirements of CAISO, NERC and WECC, relating to the Project (including those related to construction, safety, ownership and/or operation of the Project), then Seller shall request in writing such data from Buyer no less than forty-five (45) calendar days prior to Seller's requested date of Buyer's response; provided that if Seller has less than forty-five (45) calendar days prior notice of the need for such data, Seller shall request in writing such data from Buyer as soon as reasonably practicable. Buyer shall make a good faith effort to provide such data and/or information within the timeframe specified in writing by Seller or as soon thereafter as reasonably practicable.

(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, (ii) WECC scheduling practices and (iii) Good Utility Practices.

(c) Reliability Standard. Seller agrees to abide by (i) CPUC General Order No. 167, "Enforcement of Maintenance and Operation Standards for Electric Generating Facilities", and (ii) all applicable requirements regarding interconnection of the Project, including the requirements of the interconnected Participating Transmission Owner.

3.6 Metering. All output from the Project must be delivered through a single CAISO revenue meter located on the high-voltage side of the Project's final step-up transformer (which must be dedicated solely to the Project) nearest to the Interconnection Point that exclusively measures output for the Project described herein. All Delivered Energy 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 installed 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 Operational Meter Analysis and Reporting (“OMAR”) web 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.

### 3.7 Outage Notification.

(a) CAISO Approval of Outage(s). Buyer, acting through its Third-Party SC, is responsible for securing CAISO approvals for Project outages, including securing changes in its outage schedules when CAISO disapproves Buyer’s schedules or cancels previously approved outages and for entering Project outages in the Scheduling and Logging system for the CAISO (“SLIC”) or successor system. Through its Third-Party SC, Buyer shall put forth commercially reasonable efforts to secure and communicate CAISO approvals for Project outages in a timely manner to Seller.

(b) Planned Outages. During the Delivery Term, Seller shall notify Buyer of its proposed Planned Outage schedule for the Project for the following calendar year by complying with [Section 3.4[(b)][(c)](iii)(A), (“Annual Forecast of Available Capacity”) and Section 3.4[(b)][(c)](iii)(B), (Monthly Forecast of Available Capacity”)] ***[Applies to intermittent facilities only]*** [3.4[(b)][(c)](iii)(A), (“Annual Forecast of Available Capacity”) and Section 3.4[(b)][(c)](iii)(B), (Monthly Forecast of Available Capacity”)] ***[Applies to all facilities other than intermittent facilities]*** and implementing the notification procedures set forth in Appendix VI no later than July 1<sup>st</sup> of each year during the Delivery Term. Seller shall also notify Buyer of the proposed Planned Outage schedule for the Project by the earlier of ninety (90) days before the beginning of each month or forty-five (45) days before Buyer’s monthly Resource Adequacy capacity showing must be completed in accordance with the CAISO Tariff or decision of the CPUC. The Planned Outage schedule is subject to Buyer’s approval, which approval may not be unreasonably withheld or conditioned. Seller shall also confirm or provide updates to Buyer regarding the Planned Outage by the earlier of fourteen (14) days prior to each Planned Outage or two (2) Business Days prior to the CAISO deadline for submitting Planned Outages. Seller shall not conduct Planned Outages during the months of January, May through September, and December. During all other months, Seller shall not schedule Planned Outages without the prior written consent of Buyer, which consent may not be unreasonably withheld or conditioned. 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 Utility Practices. Seller shall not change its Planned Outage schedule without Buyer’s approval, not to be unreasonably withheld or conditioned. Subject to Section 3.7(a), after any Planned Outage has been scheduled, at any time up to the commencement of work for the Planned Outage, Buyer may direct that Seller change its outage schedule as ordered by CAISO. For non-CAISO ordered changes to a Planned Outage schedule requested by Buyer, Seller shall notify Buyer of any incremental costs associated with such schedule change and an alternative schedule change, if any, that would entail lower incremental costs. If Buyer agrees to pay the incremental costs, Seller shall use commercially reasonable efforts to accommodate Buyer’s request.

(c) Forced Outages. Seller shall notify Buyer and the Third-Party SC of a Forced Outage as promptly as possible, but no later than ten (10) minutes after the commencement of the Forced Outage and in accordance with the notification procedures set forth in Appendix VI. Buyer shall put forth commercially reasonable efforts to submit such outages to CAISO.

(d) Prolonged Outages. Seller shall notify Buyer and the Third-Party SC of a Prolonged Outage as soon as practicable in accordance with the notification provisions in Appendix VI. Seller shall notify Buyer in writing when the Project is again capable of meeting its Contract Quantity on a *pro rata* basis also in accordance with the notification provisions in Appendix VI.

(e) Force Majeure. Within two (2) Business Days 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. Failure to provide timely Notice constitutes a waiver of a Force Majeure claim. 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 Products that Seller fails to deliver or provide as a result of Force Majeure during the term of a Force Majeure.

(f) Communications with CAISO. Buyer, through its Third-Party SC, shall be responsible for all outage coordination communications with CAISO outage coordination personnel and CAISO operations management, including submission to CAISO of updates of outage plans, submission of clearance requests, and all other outage-related communications.

(g) Changes to Operating Procedures. Notwithstanding any language to the contrary contained in Sections 3.4, 3.6, 3.7, 3.8, or 10.13, or Appendix VI, and consistent with Section 3.5, Seller understands and acknowledges that the specified access to data and installation and maintenance of weather stations, transmission and scheduling mechanisms, metering requirements, Outage Notification Procedures and scheduling, forecast, bidding, notification and operating procedures described in the above-referenced sections are subject to change. If such changes are provided by (i) Notice from Buyer, then Seller shall implement any such changes as reasonably deemed necessary by Buyer; provided that such change does not result in an increased cost of performance to Seller hereunder other than *de minimis* amounts, or (ii) Law, then the Parties shall implement such changes as necessary for Seller and Buyer to perform their respective rights and obligations in accordance with the Law.

### 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 information on power production, [fuel consumption,] ***[Bracketed language for applicable Baseload Product only]*** 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 provide this information electronically to Buyer within thirty (30) days of Buyer's request.

(b) Access Rights. Buyer, its authorized agents, employees and inspectors may, on reasonable advance notice (which no case shall be less than three (3) Business Days) visit the Project during normal business hours for purposes reasonably connected with this Agreement or the exercise of any and all rights secured to Buyer by Law, or its tariff schedules, PG&E Interconnection Handbook, Electric Rule 21, and rules on file with the CPUC. In connection with the foregoing, Buyer, its authorized agents, employees and inspectors must (i) at all times adhere to all safety and security procedures as may be required by Seller; (ii) not interfere with the operation of the Project; and (iii) unless waived in writing by Seller, be escorted by a representative of Seller. Buyer shall make reasonable efforts to coordinate its emergency activities with the Safety and Security Departments, if any,

of the Project operator. Seller shall keep Buyer advised of current procedures for contacting the Project operator's Safety and Security Departments.

3.9 New Generation Facility.

(a) Seller, at no cost to Buyer, shall be responsible to:

(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, the Participating Transmission Owner, and the applicable distribution provider for the Interconnection Facilities to Schedule and deliver the Product.

(iii) Acquire all permits 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.

(v) At Buyer's request, provide to Buyer the Seller's electrical specifications and design drawings pertaining to the Project for Buyer's review prior to finalizing design of the Project and before beginning construction work based on such specifications and drawings. Seller shall provide to Buyer reasonable advance Notice of any changes in the Project and provide to Buyer specifications and design drawings of any such changes.

(vi) Seller shall Notify Buyer of the Construction Start Date by sending to Buyer a written Certification substantially in the form provided in Appendix IV-1 as soon as practical upon issuance of Notice to Proceed.

(vii) Within fifteen (15) days after the close of each quarter from the first quarter following the Execution Date, until the month in which the Construction Start Date has occurred, provide to Buyer a quarterly Progress Report and agree to regularly scheduled meetings between representatives of Buyer and Seller to review such quarterly reports and discuss Seller's construction progress. The quarterly Progress Report shall indicate whether Seller is on target to meet the Guaranteed Commercial Operation Date.

(viii) Within fifteen (15) days after the close of each month following the Construction Start Date until the Commercial Operation Date, provide to Buyer a monthly Progress Report and agree to regularly scheduled meetings between representatives of Buyer and Seller to review such monthly reports and discuss Seller's construction progress. The monthly Progress Report shall indicate whether Seller is on target to meet the Guaranteed Commercial Operation Date.

***[The following Section 3.9(a)(ix) applies to geothermal Projects only]***

***[(ix) Provide to Buyer copies of all Geothermal Reservoir Reports and any revisions thereto, for the time period beginning on the Effective Date and ending on the last day of the first Contract Year.]***

(b) Buyer shall have the right, but not the obligation, to:

(i) Notify Seller in writing of the results of the review performed pursuant to Section 3.9(a)(v) within thirty (30) days of Buyer's receipt of all specifications for the Project, including a description of any flaws perceived by Buyer in the design.

(ii) Inspect the Project and Site, or on-site Seller data and information pertaining to the Project during business hours upon reasonable notice.

(c) Guaranteed Commercial Operation Date.

(i) The Parties agree time is of the essence in regards to the Agreement. As such, Seller shall have demonstrated Commercial Operation per the terms of Appendix IV-2 by the date that is no later than twenty-four (24) months after the Effective Date of this Agreement, except as such date may be extended on a day for day basis for not more than a cumulative six (6) month period for a Permitted Extension (the "Guaranteed Commercial Operation Date").

(ii) Permitted Extensions. The Permitted Extensions to the Guaranteed Commercial Operation Date are as follows:

(A) Permitting Delay. The Guaranteed Commercial Operation Date may be extended on a day for day basis for not more than six (6) months if Seller has used commercially reasonable efforts (including 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 and Seller has worked diligently to resolve the delay ("Permitting Delay");

(B) Transmission Delay. Provided that the Mechanical Completion and Project Testing Completion, as defined in Appendix IV-2, have already occurred, the Guaranteed Commercial Operation Date may be extended on a day for day basis for a cumulative period equal to no more than six (6) months if Seller has used commercially reasonable efforts (including compliance with all CAISO, PTO, FERC or other requirements, as applicable, and Seller's timely submission of all required documents and applicable fees) to have the Project physically interconnected to the CAISO Grid and to complete all Electric System Upgrades, if any, but such interconnection or Electric System Upgrades cannot be completed by the Guaranteed Commercial Operation Date, and such delay is not caused by Seller, and Seller has worked diligently to resolve the delay ("Transmission Delay");

(C) Force Majeure Extension. The Guaranteed Commercial Operation Date may be extended on a day for day basis in the event of Force Majeure ("Force Majeure Extension"); 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; provided further that Seller may not claim Force Majeure for any reason that was the basis for or would qualify as a Permitting Delay or a Transmission Delay.

(iii) Notwithstanding the foregoing, if Seller claims more than one Permitted Extension under Section 3.9(c)(ii), such extensions cannot cumulatively exceed six (6) months and all Permitted Extensions taken shall be concurrent, rather than cumulative, during any overlapping days.

(iv) Notice of Permitted Extension.

(A) In order to request a Permitting Delay or Transmission Delay (individually and collectively, "Delay"), Seller shall provide Buyer with Notice of the requested Delay no later than sixty (60) days prior to the Guaranteed Commercial Operation Date, which Notice must clearly identify the Delay being requested, the length of the Delay requested (up to six (6) months), and include



information necessary for Buyer to verify the length and qualification of the Delay. Buyer shall use reasonable discretion to grant or deny the requested extension, and shall provide Seller Notice of its decision within a reasonable time.

(B) In the case of a Force Majeure Extension, if sixty (60) days prior Notice is impracticable or impossible, Seller shall provide Notice as soon as possible after the occurrence of the Force Majeure event.

(v) Failure to Meet Guaranteed Commercial Operation Date. Seller shall cause the Project to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date; provided, however, that the Commercial Operation Date shall not occur more than one hundred eighty (180) days prior to the Guaranteed Commercial Operation Date without Buyer's express written authorization. If the Commercial Operation Date occurs after the Guaranteed Commercial Operation Date after giving effect to Permitted Extensions or Force Majeure, then Buyer shall be entitled to declare an Event of Default and collect a Termination Payment pursuant to Article Five.

*[The following subsections (d) and (e) shall only apply to a New Project:]*

*[(d) Resize of Project Due to Permit Failure.*

(i) If Seller has not received or obtained by the earlier of the Expected Construction Start Date and the date that is six (6) months after the Effective Date final and non-appealable Governmental Approvals required for the construction of the Project with the Contract Capacity set forth in the Cover Sheet, after using commercially reasonable efforts to do so (including timely filings with all applicable Governmental Authorities and timely payment of any required fees) ("Permit Failure"), Seller may make a Contract Capacity Commitment on the Expected Construction Start Date (as may be extended), equal to, at a minimum, seventy percent (70%) of the Contract Capacity set forth in the Cover Sheet, provided that such amount shall also be the maximum amount of the generation capacity permitted under the final and non-appealable Governmental Approvals that Seller has received as of the Expected Construction Start Date (as may be extended), and may not be under one (1) MW, and provided further that for a period of two (2) years from any such resizing pursuant to this Section 3.9(d), Seller must offer Buyer a Right of First Offer for any Products from the Project up to the Contract Capacity set forth in the Cover Sheet as further provided in Section 3.9(e), below. Seller shall provide Notice of such Contract Capacity Commitment to Buyer no later than ten (10) Business Days following the Expected Construction Start Date.

(ii) In the event that the Contract Capacity is reduced pursuant to Section 3.9(d)(i) above, the Contract Quantity during each Contract Year set forth in the Delivery Term Contract Schedule in the Cover Sheet shall be adjusted proportionately with such reduction.

(iii) In the event that the Contract Capacity and Contract Quantity are reduced pursuant to Sections 3.9(d)(i) and (ii), the revised Contract Capacity and Contract Quantity shall be used to determine Seller's performance under the Agreement, including the amount of Guaranteed Energy Production under Section 3.1(e) and the amount of Delivery Term Security or Term Security required under Section 8.4.

(iv) If the final Contract Capacity is less than the initial Contract Capacity due to a resize of the Project pursuant to Sections 3.1(e)(ii) and 3.9(d)(i), then Seller shall forfeit a proportional share of the Project Development Security on a percent-for-percent basis.

(e) Right of First Offer.

(i) If Seller resizes the Project due to Permit Failure, then for a period of three (3) years from the date on which Seller Notifies Buyer of the Contract Capacity Commitment (“Exclusivity Period”), neither Seller, its successors and assigns, nor its Affiliates shall enter into an obligation or agreement to sell or otherwise transfer any Products from the Project in excess of the Contract Capacity Commitment, up to the Contract Capacity set forth in the Cover Sheet, to any third party, unless Seller first offers, in writing, to sell to Buyer such Products from the Project on the same terms and conditions as this Agreement, subject to permitted modifications identified in subpart (ii) below, (the “First Offer”) and Buyer either accepts or rejects such First Offer in accordance with the provisions herein.

(ii) If Buyer accepts the First Offer, Buyer shall Notify Seller within thirty (30) days of receipt of the First Offer subject to Buyer’s management approval and CPUC Approval (“Buyer’s Notice of First Offer Acceptance”), and then the Parties shall have not more than ninety (90) days from the date of Buyer’s Notice to enter into a new power purchase agreement, in substantially the same form as this Agreement, or amend this Agreement, subject to CPUC Approval, if necessary; provided that the Contract Price may only be increased to reflect Seller’s documented incremental costs in overcoming the Permit Failure.

(iii) If Buyer rejects or fails to accept Seller’s First Offer within thirty (30) days of receipt of such offer, Seller shall thereafter be free to sell or otherwise transfer, and to enter into agreements to sell or otherwise transfer, any Products from the Project to any third party, so long as the material terms and conditions of such sale or transfer are not more favorable to the third party than those of the First Offer to Buyer. If, during the Exclusivity Period, Seller desires to enter into an obligation or agreement with a third party, Seller shall deliver to Buyer a certificate of an authorized officer of Seller (A) summarizing the material terms and conditions of such agreement and (B) certifying that the proposed agreement with the third party will not provide Seller with a lower rate of return than that offered in the First Offer to Buyer. If Seller is unable to deliver such a certificate to Buyer, then Seller may not sell or otherwise transfer, or enter into an agreement to sell or otherwise transfer, the Products from the Project without first offering to sell or otherwise transfer such Products to Buyer on such more favorable terms and conditions (the “Revised Offer”) in accordance with subpart (ii) above. If within thirty (30) days of receipt of Seller’s Revised Offer the Buyer rejects, or fails to accept by Notice to Seller, the Revised Offer, then Seller will thereafter be free to sell or otherwise transfer, and to enter into agreements to sell or otherwise transfer, such Products from the Project to any third party on such terms and conditions as set forth in the certificate./

(f) Excess Network Upgrade Cost Termination Right.

(i) Buyer has the right to terminate this Agreement by Notice on or before the date that is sixty (60) days after Seller provides to Buyer the results of any Interconnection Study, or the GIA tendered to Seller by the Participating Transmission Owner, if such Interconnection Study or GIA as of the date of the termination Notice, estimates, includes, specifies or reflects that the maximum total cost of the Network Upgrades to Buyer, or any Participating Transmission Owner under the jurisdiction of the CAISO, including costs reimbursed to Seller by Buyer or any Participating Transmission Owner under the jurisdiction of the CAISO (“Aggregate Network Upgrade Costs”), may in the aggregate exceed one hundred and ten percent (110%) of the amount identified in the Interconnection Studies that were submitted with Seller’s original bid offer (package) so long as the exceeded dollar amount is equal to or greater than one hundred thousand dollars (\$100,000.00) (“Network Upgrades Cap”), and Seller has not agreed to assume financial responsibility for Excess Network Upgrade Costs. This termination right is irrespective of any subsequent amendments of such Interconnection Study or

GIA or any contingencies or assumptions upon which such Interconnection Study or GIA is based. Buyer's Notice to terminate will be effective five (5) Business Days after such Notice is given to Seller.

(ii) Notwithstanding anything to the contrary in this Section 3.9(f)(ii), Buyer shall have no right to terminate this Agreement under Section 3.9(f)(i), if (A) Seller concurrently with its provision of the relevant Interconnection Study or GIA, as applicable, pursuant to Section 3.1(h)(ii)(B), irrevocably agrees to pay to the Participating Transmission Owner the amount by which the Aggregate Network Upgrade Costs exceed the Network Upgrades Cap ("Excess Network Upgrade Cost") and (B) Seller enters into a GIA that states that Seller must pay all Excess Network Upgrade Costs without reimbursement from the Participating Transmission Owner. For sake of certainty, if Seller agrees to the above-described payment for the Excess Network Upgrade Costs pursuant to this Section 3.9(f)(ii), such agreement shall not independently convey to Seller any interest in or rights or title to any Network Upgrades or Congestion Revenue Rights (as defined in the CAISO Tariff) in connection with the development of the Project or the delivery of Product to Buyer pursuant to this Agreement.

(iii) Buyer shall have the right to terminate this Agreement on Notice, which will be effective five (5) Business Days after such Notice is given, (A) if Seller elects to exercise its right to pay for any Excess Network Upgrade Costs, but (B) FERC, CAISO, or any Participating Transmission Owner, as applicable, rejects Seller's interconnection agreement, in whole or in part, or modifies Seller's interconnection agreement in a manner that would make Seller unable to comply with Seller's obligation pursuant to Section 3.9(f)(i). In order to be effective, Buyer's Notice of termination must be given on or before the date that is ninety (90) days after such rejection or modification by FERC, CAISO, or any Participating Transmission Owner.

#### **ARTICLE FOUR: COMPENSATION; MONTHLY PAYMENTS**

##### **4.1 Price.**

(a) Contract Price. The Contract Price for each MWh of Product as measured by Delivered Energy in each Delivery Period is set forth in Section C of the Cover Sheet.

For the avoidance of doubt, Seller shall not be compensated for any Surplus Delivered Energy.

(b) Test Period Payments. During the Test Period, Seller's full compensation for Product sold to Buyer shall be the CAISO Revenues for the Delivered Energy, which revenues Buyer shall forward to Seller in accordance with the schedule described in Section 6.1.

(c) Applicability of Full Capacity Deliverability Status to Contract Price. This Section 4.1(b) only applies to Sellers that elected to be FCDS Sellers in the Cover Sheet. If Seller has not achieved FCDS on or prior to the expected full capacity delivery date of \_\_\_\_\_, the Contract Price shall be reduced by \$4.00/MWh between the period beginning on such date until the first day of the calendar month immediately following the date that is forty-five (45) calendar days from the Effective FCDS Date.

4.2 Monthly Payment. Except as otherwise provided in this Article 4, for each Delivery Month, Buyer shall pay Seller, or cause to be paid to Seller, for all Delivered Energy and Deemed Delivered Energy ("Monthly Payment") in an amount equal to (A) the Contract Price multiplied by (B) the sum of (i) for each hour in the month, the Delivered Energy (exclusive of Surplus Delivered Energy) during the hour plus (ii) for each hour in the month, the amount of Deemed Delivered Energy during the hour:

$$\text{Monthly Payment} = \{\text{sum over all hours}\} [\text{Contract Price } \$ \times (\text{Delivered Energy } \text{MWh}_{\text{hour}} + \text{Deemed Delivered Energy } \text{MWh}_{\text{hour}})]$$

For the avoidance of doubt, Excess Energy shall be compensated as set forth in Section 4.4 and shall not be included in the determination of payment set forth above; and “Delivered Energy” as used in the formula above excludes Surplus Delivered Energy, for which Seller will receive no compensation.

4.3 Capacity Factor. The Capacity Factor shall be calculated and defined as the percentage amount resulting from Delivered Energy plus Deemed Delivered Energy, if any, per Contract Year divided by the product resulting from multiplying the Contract Capacity times the number of hours in the applicable Contract Year minus Seller Excuse Hours (“Capacity Factor”):

$$\text{Capacity Factor} = (\text{Delivered Energy} + \text{Deemed Delivered Energy}) / (\text{Contract Capacity} \times (\text{Hours in Contract Year minus Seller Excuse Hours})).$$

4.4 Excess Delivered and Deemed Delivered Energy.

(a) Excess Energy Price. If, at any point in any Contract Year, the amount of Delivered Energy (exclusive of Surplus Delivered Energy) plus the amount of Deemed Delivered Energy exceeds one hundred percent (100%) of the annual Contract Quantity amount, then:

(i) each MWh of additional Delivered Energy during such Contract Year shall be deemed “Excess Delivered Energy” and each MWh of additional Deemed Delivered Energy during such Contract Year shall be deemed “Excess Deemed Delivered Energy” (Excess Delivered Energy and Excess Deemed Delivered Energy, cumulatively, “Excess Energy”); and

(ii) for the remainder of such Contract Year:

(A) for every MWh of Excess Delivered Energy, the price paid to Seller shall be the hourly DA Price at the Delivery Point (the “Excess Delivered Energy Price”); and

(B) for every MWh of Excess Deemed Delivered Energy the price paid to Seller shall be the hourly DA Price at the Delivery Point (the “Excess Deemed Delivered Energy Price”).

$$\text{Excess Delivered Energy Price}_{\text{hour}} = (\text{DA Price}_{\text{hour}})$$

$$\text{Excess Deemed Delivered Energy Price}_{\text{hour}} = (\text{DA Price}_{\text{hour}})$$

For the avoidance of doubt, Excess Energy shall not include any Surplus Delivered Energy.

(b) Monthly Payment for Excess Energy. Buyer shall pay Seller for Excess Energy in each hour (“Monthly Payment for Excess Energy”) the amount resulting from (i) multiplying the Excess Delivered Energy Price applicable to that hour times the Excess Delivered Energy for such hour plus (ii) the Excess Deemed Delivered Energy Price applicable to that hour times the amount of Excess Deemed Delivered Energy for such hour:

$$\text{Monthly Payment for Excess Energy} = \{\text{sum over all hours}\} (\text{Excess Delivered Energy Price}_{\text{hour}} \times \text{Excess Delivered Energy MWh}_{\text{hour}}) + (\text{Excess Deemed Delivered Energy Price}_{\text{hour}} \times \text{Excess Deemed Delivered Energy MWh}_{\text{hour}})$$

4.5 CAISO Charges.

(a) Seller shall assume all liability and reimburse Buyer for any and all CAISO Penalties incurred by Buyer because of Seller’s failure to perform any covenant or obligation set forth in

this Agreement. Buyer shall assume all liability and reimburse Seller for any and all CAISO Penalties incurred by Seller as a result of Buyer's actions, including those resulting in a Buyer Curtailment Period.

(b) Buyer, acting through its Third-Party SC, shall (i) be responsible for all costs and charges assessed by the CAISO with respect to scheduling and Imbalance Energy, subject to Sections 4.5(a) and (c) and (ii) retain the credits and other payments received as a result of Energy from the Project delivered to the Integrated Forward Market or Real-Time Market, including revenues associated with CAISO dispatches. Seller and Buyer shall cooperate to minimize such charges and Uninstructed Imbalance Energy to the extent possible. Seller shall use commercially reasonable efforts to monitor imbalances and shall promptly notify Buyer as soon as possible after it becomes aware of any material imbalance that is occurring or has occurred. Such notification shall not alter Seller's and Buyer's respective responsibilities for payment for Imbalance Energy and costs and CAISO Penalties under this Agreement. Throughout the Delivery Term, Buyer shall be entitled to all Integrated Forward Market Load Uplift Obligation credits (as defined or required for MRTU under the CAISO Tariff) associated with the Energy generated from the Project.

(c) Forecasting Penalties.

(i) Subject to Force Majeure, in the event Seller does not in a given hour either (A) provide the access and information required in Section 3.1(l)(i); (B) comply with the installation, maintenance and repair requirements of Section 3.1(l)(iv); or (C) provide the forecast of Available Capacity required in Section 3.4(b)(iii), and the sum of Energy Deviations for each of the Settlement Intervals in the given hour exceeded the Performance Tolerance Band defined below, then Seller will be responsible for Forecasting Penalties as set forth below.

(ii) The Performance Tolerance Band is three percent (3%) multiplied by Contract Capacity multiplied by one (1) hour.

(iii) Forecasting Penalties. The Forecasting Penalty shall be equal to the greater of (A) one hundred fifty percent (150%) of the Contract Price or (B) the absolute value of the Real-Time Price, in each case for each MWh of Energy Deviation outside the Performance Tolerance Band, or any portion thereof, in every hour for which Seller fails to meet the requirements in Section 4.5(c)(i). Settlement of Forecasting Penalties shall occur as set forth in Section 6.1 of this Agreement.

4.6 Additional Compensation.

(a) To the extent not otherwise provided for in this Agreement, in the event that Seller is compensated by a third party for any Products produced by the Project, including compensation for 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 Electric System Upgrades contemplated in Section 3.1(h)(i).

(b) To the extent that during the Delivery Term Seller (at a nominal or no cost to Seller) is exempt from, reimbursed for or receives any refunds, credits or benefits from CAISO for congestion charges or Congestion Revenue Rights (as defined in the CAISO Tariff), whether due to any adjustments in Congestion Revenue Rights or any Locational Marginal Price (as defined in the CAISO Tariff), market adjustments, invoice adjustments, or any other hedging instruments associated with the Product (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 less any costs incurred by Seller in connection with such Reductions; or (ii) Buyer shall reduce payments due

to Seller under this Agreement in amounts equal to the Reductions less any costs incurred by Seller in connection with such Reduction and Seller shall retain the Reductions.

*[Section 4.6(c) below applies to Baseload Product only]*

(c) Reliability Must-Run Contract and Capacity Procurement Mechanism Obligations. Seller with an existing RMR Contract will assign a proportion of the proceeds of any RMR Contract affecting the Project to Buyer based on the ratio of the Contract Capacity and the RMR Contract award, except as provided below. Buyer shall retain all revenues from said RMR Contract, except for Monthly Surcharge Payments, the CAISO Repair Share, and Motoring Charges for Ancillary Services Dispatch (“Retained Revenues”), as each is defined in the applicable RMR Contract, all of which shall be remitted to Seller. If the CAISO and/or Seller wish to negotiate or renegotiate an RMR Contract or contract related to the Capacity Procurement Mechanism (as defined in the CAISO Tariff) or similar capacity commitment under the CAISO Tariff that pertains to Unit(s) under this Agreement as of the Execution Date of this Agreement, Seller shall include Buyer in any such negotiations. If Seller enters into any new RMR Contract or contract related to the Capacity Procurement Mechanism or similar capacity commitment affecting the Project, Seller shall assign the revenues from such contract, except for Retained Revenues, Monthly Surcharge Payments, the CAISO Repair Share, and Motoring Charges for Ancillary Services Dispatch to Buyer.

#### **ARTICLE FIVE: EVENTS OF DEFAULT; PERFORMANCE REQUIREMENT; REMEDIES**

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 to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within five (5) Business Days after written Notice is received by the Party failing to make such payment;

(ii) any representation or warranty made by such Party herein (A) is false or misleading in any material respect when made or (B) with respect to Section 10.1(b), becomes false or misleading in any material respect during the Delivery Term; provided that, if a change in Law occurs after the Execution Date that causes the representation and warranty made by Seller in Section 10.1(b) to be materially false or misleading, such breach of the representation or warranty in Section 10.1(b) shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in Law during the Delivery Term in order to make the representation and warranty no longer false or misleading;

(iii) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default), if such failure is not remedied within forty-five (45) days after Notice from the Non-Defaulting Party, which time period shall be extended if the Defaulting Party is making diligent efforts to cure such failure to perform, provided that such extended period shall not exceed forty-five (45) additional days;

(iv) such Party becomes Bankrupt; or

(v) 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 during the Term of this Agreement, Seller delivers or attempts to deliver to the Delivery Point for sale under this Agreement Energy that was not generated by the Project;

(ii) failure by Seller to satisfy the creditworthiness/collateral requirements agreed to pursuant to Sections 8.2, 8.3, or 8.4 of this Agreement and such failure is not cured within any applicable cure period;

(iii) if Seller has provided and Buyer has accepted, a Guaranty to satisfy the collateral obligations under this Agreement, then with respect to such guarantor or the Guaranty, if Seller had not replaced the Guaranty in accordance with Section 8.6 within five (5) Business Days following Buyer's Notice of a request for replacement;

(iv) failure by Seller to achieve the Guaranteed Energy Production requirement as set forth in Section 3.1(e)(ii) of this Agreement as follows:

(A) after the one (1) year GEP Cure period Seller has failed to cure the GEP Failure and has failed to pay GEP Damages in the time period set forth in Section 3.1(e)(ii); or

(B) if, after any Performance Measurement Period the cumulative GEP Shortfall for all preceding Performance Measurement Periods occurring during the Delivery Term equals or exceeds two times the Contract Quantity (as may be adjusted pursuant to Section 3.1(e)(ii)); provided, however, that if all or a portion of the GEP Shortfall during an applicable Performance Measurement Period is principally caused by a non-Force Majeure major equipment malfunction, breakdown, or failure resulting in a reduction of Energy production of the Project by at least fifty percent (50%) of the Contract Quantity in one or both years of the Performance Measurement Period, as applicable, and such malfunction, breakdown, or failure was not caused by Seller and could not have been avoided through the exercise of Good Utility Practice, such failure shall be excluded from the calculation of the cumulative GEP Shortfall for purposes of this subsection;

(v) Seller has not obtained the deliverability type selected in Section A (FCDS or PCDS) of the Cover Sheet by the Deliverability Finding Deadline; or

(vi) Seller has not obtained the Partial Capacity Deliverability Status Amount identified in Section A of the Cover Sheet by the Deliverability Finding Deadline.

(vii) Seller's failure to operate the Project in compliance with all applicable Laws as determined by the Governmental Authority charged with implementation and/or enforcement of the specific Law at issue.

5.2 Remedies. If an Event of Default with respect to a Defaulting Party shall have occurred and is continuing, the other Party ("Non-Defaulting Party") shall have the following rights:

(a) 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”) on which to (i) collect the Damage Payment (in the case of any Event of Default of Seller that arose at any time prior to the commencement of the Delivery Term), or (ii) collect the Termination Payment (in the case of any Event of Default of Seller that arose during the Delivery Term or in the case of any Event of Default of Buyer at any time);

(b) accelerate all amounts owing between the Parties, terminate the Transaction and end the Delivery Term effective as of the Early Termination Date;

(c) collect the Termination Payment;

(d) withhold any payments due to the Defaulting Party under this Agreement;

(e) suspend performance;

(f) exercise its rights pursuant to Section 8.2 to draw upon and retain Performance Assurance;

(g) demand payment for damages due to Buyer’s unexcused failure to take delivery or pay for Product; and

(h) exercise any other rights or remedies available at Law or in equity (including the collection of monetary damages) to the extent otherwise permitted under this Agreement.

Notwithstanding anything to the contrary contained herein, Seller may exercise the rights or remedies set forth in Sections 5.2(e), (g), and (h) without terminating this Agreement.

### 5.3 Calculation of Termination Payment.

(a) In the case where the Non-Defaulting Party is entitled to collect the Termination Payment pursuant to Section 5.2(a), 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 dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. If the Non-Defaulting Party uses the market price for a comparable transaction to determine the Gains or Losses, such price should be determined by using the average of market quotations provided by three (3) or more bona fide unaffiliated market participants. If the number of available quotes is three, then the average of the three quotes shall be deemed to be the market price. Where a quote is in the form of bid and ask prices, the price that is to be used in the averaging is the midpoint between the bid and ask price. The quotes shall be obtained in a commercially reasonable manner and shall be: (i) for a like amount, (ii) of the same Product, (iii) at the same Delivery Point, and (iv) for the remaining Delivery Term. Regardless of the method chosen by the Non-Defaulting Party to calculate the Settlement Amount, the Settlement Amount must still be reasonable under the circumstances.

(b) If the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of the Terminated Transaction, the Settlement Amount shall be zero.

(c) The Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount.



5.4 Notice of Payment of Termination Payment. As soon as practicable after a liquidation, 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 ten (10) 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 Twelve.

5.6 Rights And Remedies Are Cumulative. The rights and remedies of a Party pursuant to this Article Five shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

5.7 Duty to Mitigate. Buyer and Seller shall each have a duty to mitigate damages pursuant to this Agreement, and each shall use reasonable efforts to minimize any damages it may incur as a result of the other Party's non-performance of this Agreement, including with respect to termination of this Agreement.

## **ARTICLE SIX: PAYMENT**

6.1 Billing and Payment; Remedies. 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 the CAISO, necessary to verify the accuracy or amount of any Reductions; and (c) an invoice, in the format specified by Buyer, covering the services provided in the preceding month determined in accordance with the applicable provisions of Article Four. Seller shall continue to provide to Buyer an invoice of CAISO charges, net any sums Buyer owes Seller under this Agreement, on or about the tenth (10th) day of each month until the date of the Final True-Up. Buyer shall pay the undisputed amount of such invoices less the amount of any RA Deficiency Amount and the amount of any Forecasting Penalties, as applicable on or before the later of the twenty-fifth (25th) day of each month and fifteen (15) 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 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. Invoices may be sent by facsimile or e-mail.

6.2 Disputes and Adjustments of Invoices. 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. Subject to Section 3.6, in the event adjustments to payments are required as a result of inaccurate meter(s), Buyer shall use

corrected measurements to recompute the amount due from Buyer to Seller for the Product delivered under the Transaction during the period of inaccuracy. The Parties agree to use good faith efforts to resolve the dispute or identify the adjustment as soon as possible. Upon resolution of the dispute or calculation of the adjustment, any required payment shall be made within fifteen (15) days of such resolution along with interest accrued at the Interest Rate from and including the due date, 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, but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived unless the other Party is notified in accordance with this Section 6.2 within twelve (12) months after the invoice is rendered or any specific adjustment to the invoice is made; provided that, such waiver shall not apply to any adjustment or dispute related to Seller's performance under any applicable RMR Contract; and provided further that, any disputes with respect to a statement of CAISO Revenues is waived unless Seller notifies Buyer in accordance with this Section 6.2 within one (1) month after the last statement of CAISO Revenues is provided. If an invoice is not rendered within twelve (12) months after the close of the month during which performance under the Transaction occurred, the right to payment for such performance is waived.

## **ARTICLE SEVEN: LIMITATIONS**

7.1 Limitation of Remedies, Liability and Damages. EXCEPT AS MAY OTHERWISE BE EXPRESSLY PROVIDED IN THIS AGREEMENT, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS 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 10.4 ("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.

THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF.

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**

8.1 Seller Financial Information. If requested by Buyer, Seller shall deliver to Buyer (a) within one hundred twenty (120) days following the end of each of Seller's fiscal years, a copy of Seller's or Seller's guarantor's, if applicable, annual report containing unaudited consolidated financial statements for such fiscal year (or audited consolidated financial statements for such fiscal year if otherwise available) and (b) within sixty (60) days after the end of each of its first three fiscal quarters of each fiscal

year, a copy of such Party'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 shall be 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 such Party diligently pursues the preparation, certification and delivery of the statements.

***[For purposes of Sections 8.2 and 8.3, existing ERRs to replace Project Development Security with Pre-Delivery Term Security]***

8.2 Grant of Security Interest/Remedies. To secure its obligations under this Agreement and to the extent Seller delivers the Project Development Security, or Delivery Term Security, as applicable hereunder, Seller hereby grants to Buyer, as the secured party, a first priority security interest in, and lien on (and right of setoff against), and assignment of, all such Performance Assurance posted with Buyer in the form of 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. Within thirty (30) days of the delivery of the Project Development Security or Delivery Term Security as applicable, Seller agrees to take such action as Buyer reasonably requires in order to perfect a first-priority security interest in, and lien on (and right of setoff against), such Performance Assurance 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, as the Non-Defaulting Party, may do any one or more of the following: (a) exercise any of the rights and remedies of a secured party with respect to all Project Development Security or Delivery Term Security, as applicable, including any such rights and remedies under the Law then in effect; (b) exercise its rights of setoff against any and all property of Seller, as the Defaulting Party, in the possession of the Buyer or Buyer's agent; (c) draw on any outstanding Letter of Credit issued for its benefit; and (d) liquidate all Project Development Security or Delivery Term Security, as applicable, 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 Seller's obligations under the Agreement (Seller remaining liable for any amounts owing to Buyer after such application), subject to the Buyer's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

8.3 Performance Assurance.

(a) Security. Seller agrees to deliver to Buyer collateral to secure its obligations under this Agreement, which Seller shall maintain in full force and effect for the period posted with Buyer, as follows:

(i) Project Development Security pursuant to this Section 8.3(a)(i) in the amount of \$60/kW for As-Available resources or \$90/kW for Baseload resources multiplied by the capacity of the Project as reflected in Section B of the Cover Sheet, within five (5) Business Days following the Effective Date of this Agreement until Seller posts Delivery Term Security pursuant to Section 8.3(a)(ii) below with Buyer.

(ii) Delivery Term Security pursuant to this Section 8.3(a)(ii) in the amount equal to the Damage Payment from the date required pursuant to Section 3.1(c)(i) as a condition precedent to the Initial Energy Delivery Date until the end of the Term; provided that, with Buyer's consent, Seller may elect to apply the Pre-Delivery Term Security posted pursuant to Section 8.3(a)(i) toward the Delivery Term Security posted pursuant to this Section 8.3(a)(ii).

The amount of Performance Assurance required under this Agreement shall not be deemed a limitation of damages. Except as specifically provided for in this Section 8.3(a), Buyer acknowledges that Seller shall not be required to post any additional security.

(b) Use of Project Development Security or Term Security. Buyer shall be entitled to draw upon the Project Development Security or Term Security for any damages arising upon Buyer's declaration of an Early Termination Date.

(c) Termination of Project Development Security. If after the Initial Energy Delivery Date no damages are due and owing to Buyer under this Agreement, then Seller shall no longer be required to maintain the Project Development Security, and Buyer shall return to Seller the Project Development Security, less the amounts drawn in accordance with Section 8.3(b). The Project Development Security (or portion thereof) due to Seller shall be returned to Seller within five (5) Business Days of Seller's provision of the Delivery Term Security, as applicable unless, with Buyer's consent, Seller elects to apply the Project Development Security posted pursuant to Section 8.3(a)(i) toward the Delivery Term Security posted pursuant to Section 8.3(a)(ii), as applicable.

(d) Payment and Transfer of Interest. Buyer shall pay interest on cash held as Pre-Delivery Term Security, Delivery Term Security or Term Security, as applicable, at the Interest Rate; provided that, the interest on Project Development Security shall be retained by Buyer until Seller posts the Delivery Term Security pursuant to Section 8.3(a)(ii). Upon Seller's posting of the Delivery Term Security, all accrued interest on the unused portion of Project Development Security shall be transferred from Buyer to Seller in the form of cash by wire transfer to the bank account specified under "Wire Transfer" in the Cover Sheet (Notices List). After Seller posts the Delivery Term Security or Term Security, Buyer shall transfer (as described in the preceding sentence) on or before each Interest Payment Date the Interest Amount due to Seller for such Delivery Term Security or Term Security.

(e) Return of Performance Assurance. Buyer shall return the unused portion of Project Development Security, Delivery Term Security or Term Security, as applicable, including the payment of any interest due thereon, pursuant to Section 8.3(d) above, to Seller promptly after the following has occurred: (i) the Term of the Agreement has ended, or subject to Section 8.2, an Early Termination Date has occurred, as applicable; and (ii) all payment obligations of the Seller arising under this Agreement, including payments pursuant to Section 4.5 ("CAISO Charges"), Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting).

8.4 Letter of Credit. Performance Assurance provided in the form of a Letter of Credit shall be subject to the following provisions:

(a) If Seller has provided a Letter of Credit pursuant to any of the applicable provisions in this Article Eight, then Seller shall renew or cause the renewal of each outstanding Letter of Credit on a timely basis in accordance with this Agreement.

(b) In the event the issuer of such Letter of Credit at any time (i) fails to maintain the requirements of an Eligible LC Bank or Letter of Credit, (ii) indicates its intent not to renew such Letter of Credit, or (iii) fails to honor Buyer's properly documented request to draw on such Letter of Credit, Seller shall cure such occurrence by complying with either (A) or (B) below in an amount equal to the outstanding Letter of Credit, and by completing the action within five (5) Business Days after the date of Buyer's Notice to Seller of an occurrence listed in this subsection (Seller's compliance with either (A) or (B) below is considered the "Cure"):

(A) providing a substitute Letter of Credit that is issued by an Eligible LC Bank, other than the bank which is the subject of Buyer's Notice to Seller in Section 8.5(b) above; or

(B) posting cash.

If Seller fails to Cure or if such Letter of Credit expires or terminates without a full draw thereon by Buyer, or fails or ceases to be in full force and effect at any time that such Letter of Credit is required pursuant to the terms of this Agreement, then Seller shall have failed to meet the creditworthiness or collateral requirements of Article Eight.

(c) Notwithstanding the foregoing in Section 8.4(b), if, at any time, the issuer of such Letter of Credit has a Credit Rating on "credit watch" negative or developing by S&P, or is on Moody's "watch list" under review for downgrade or uncertain ratings action (either a "Watch"), then Buyer may make a demand to Seller by Notice ("LC Notice") to provide a substitute Letter of Credit that is issued by an Eligible LC Bank, other than the bank on a Watch ("Substitute Letter of Credit"). The Parties shall have thirty (30) Business Days from the LC Notice to negotiate a Substitute Letter of Credit ("Substitute Bank Period").

(i) If the Parties do not agree to a Substitute Letter of Credit by the end of the Substitute Bank Period, then Buyer shall provide Seller with Notice within five (5) Business Days following the expiration of the Substitute Bank Period ("Ineligible LC Bank Notice Period") that either:

(A) Buyer agrees to continue accepting the then currently outstanding Letter of Credit from the bank that is the subject of the LC Notice, but such bank shall no longer be an Eligible LC Bank ("Ineligible LC Bank") and Buyer will not accept future or renewals of Letters of Credit from the Ineligible LC Bank; or

(B) the bank that is the subject of the LC Notice is an Ineligible LC Bank and Seller shall then have thirty (30) days from the date of Buyer's Notice to Cure pursuant to Section 8.5(b) and, if Seller fails to Cure, then the last paragraph in Section 8.4(b) shall apply to Seller.

(ii) If the Parties have not agreed to a Substitute Letter of Credit and Buyer fails to provide a Notice during the Ineligible LC Bank Notice Period above, then Seller may continue providing the Letter of Credit posted immediately prior to the LC Notice.

(d) In all cases, the reasonable costs and expenses of establishing, renewing, substituting, canceling, increasing, reducing, or otherwise administering the Letter of Credit shall be borne by Seller.

8.5 Guaranty. If at any time Seller's guarantor or Guaranty is no longer acceptable to Buyer in its sole discretion, Seller shall replace the Guaranty with Performance Assurance as provided herein. Within five (5) Business Days following Buyer's written request for replacement of the Guaranty, Seller shall deliver to Buyer replacement Performance Assurance in the form of a replacement Guaranty, Letter of Credit or cash in an amount equal to the applicable amount of the Guaranty issued pursuant to this Agreement. In the event Seller shall fail to provide replacement Performance Assurance to Buyer as required in the preceding sentence, then Buyer may declare an Event of Default pursuant to Section 5.1(b)(iii) by providing Notice thereof to Seller in accordance with Section 5.2.

## 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 arising at the Delivery Point, including 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 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. A Party that is exempt at any time and for any reason from one or more Governmental Charges bears the risk that such exemption shall be lost or the benefit of such exemption reduced; and thus, in the event a Party's exemption is lost or reduced, each Party's responsibility with respect to such Governmental Charge shall be in accordance with the first four sentences of this Section.

## ARTICLE TEN: MISCELLANEOUS

### 10.1 Representations and Warranties.

(a) General Representations and Warranties. On the Execution Date, each Party represents and warrants to the other Party that:

(i) it is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation;

(ii) it has all regulatory authorizations necessary for it to perform its obligations under this Agreement;

(iii) it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code (as in effect as of the Execution Date of this Agreement);

(iv) 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 Laws applicable to it;

(v) this Agreement and each other document executed and delivered in accordance with this Agreement constitute legally valid and binding obligations enforceable against it in accordance with its terms, subject to any Equitable Defenses;

(vi) 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;

(vii) 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;

(viii) 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;

(ix) 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

(x) 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.

(b) Seller Representations and Warranties.

(i) 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; (ii) the Product meets the RPS compliance requirements for Portfolio Content Category 1 as set forth in California Public Utilities Code Section 399.16(b)(1)(A) in a manner consistent with Commission Decision 11-12-052, as it may be subsequently revised; and (iii) 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 become 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.

(ii) 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. 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.

(iii) Seller, and, if applicable, its successors, represents and warrants that beginning with the Execution Date and throughout the Delivery Term of this Agreement, the Project is operated in compliance with all applicable Laws as determined by the Governmental Authority charged with implementation and/or enforcement of the specific Law at issue.

10.2 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 regulatory authorizations necessary for it to legally perform its obligations under this Agreement and the Transaction; and

(iii) it shall perform its obligations under this Agreement and the Transaction 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 Law, rule, regulation, order or the like applicable to it.

(b) Seller Covenants.

(i) Seller covenants throughout the Delivery Term that it will take no action or permit any other person or entity (other than Buyer) to take any action that would impair in any way Buyer's ability to rely on the Project in order to satisfy its Resource Adequacy Requirements; and

(ii) Seller covenants that it shall comply with all CAISO Tariff requirements and/or Participating TO tariff requirements, as applicable, that are applicable to an Interconnection Customer (as defined in the CAISO Tariff or Participating TO's tariff, as applicable) and shall take any other necessary action, including payment of fees and submission of requests, applications or other documentation, to promote the completion of the Electric System Upgrades prior to the RA Start Date.

***[The following clause (iii) applies to Existing Projects only:]***

(iii) Seller covenants that the Initial Energy Delivery Date shall occur no later than the Expected Initial Energy Delivery Date specified in Section B of the Cover Sheet.

10.3 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 or entity arising prior to or at the Delivery Point.

10.4 Indemnities.

(a) Indemnity by Seller. Seller shall release, indemnify and hold harmless Buyer or Buyers' respective directors, officers, agents, and representatives against and from any and all loss, Claims, actions or suits, including costs and attorney's fees resulting from, or arising out of or in any way connected with (i) the Product delivered under this Agreement to the Delivery Point, or (ii) Seller's operation and/or maintenance of the Project, including any loss, Claim, action or suit, for or on account of injury to, bodily or otherwise, or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such loss, Claim, action or suit as may be caused solely by the willful misconduct or gross negligence of Buyer, its Affiliates, or Buyers' and Affiliates' respective agents, employees, directors, or officers.

(b) Indemnity by Buyer. Buyer shall release, indemnify and hold harmless Seller, its directors, officers, agents, and representatives against and from any and all loss, Claims, actions or suits, including costs and attorney's fees resulting from, or arising out of or in any way connected with the Product delivered by Seller under this Agreement after the Delivery Point, including any loss, Claim, action or suit, for or on account of injury to, bodily or otherwise, or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such loss, Claim, action or suit as may be caused solely by the willful misconduct or gross negligence of Seller, its Affiliates, or Seller's and Affiliates' respective agents, employees, directors or officers.



(c) No Dedication. Without limitation of each Party's obligations under Sections 10.5(a) and 10.5(b) herein, nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person or entity not a Party to this Agreement. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or the public, nor affect the status of Buyer as an independent public utility corporation or Seller as an independent individual or entity.

#### 10.5 Assignment.

(a) General Assignment. Except as provided in Sections 10.5 (b) and (c), 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 so long as among other things (i) the assignee assumes the transferring Party's payment and performance obligations under this Agreement, (ii) the assignee agrees in writing to be bound by the terms and conditions hereof, (iii) the transferring Party delivers evidence satisfactory to the non-transferring Party of the proposed assignee's technical and financial capability to fulfill the assigning Party's obligations hereunder and (iv) the transferring Party delivers such tax and enforceability assurance as the other Party may reasonably request. Notwithstanding the foregoing and except as provided in Section 10.5(b), consent shall not be required for an assignment of this Agreement where the assigning Party remains subject to liability or obligation under this Agreement, provided that (i) the assignee assumes the assigning Party's payment and performance obligations under this Agreement, (ii) the assignee agrees in writing to be bound by the terms and conditions hereof, and (iii) the assigning Party provides the other Party hereto with at least thirty (30) days' prior written notice of the assignment.

(b) Assignment to Financing Providers. Seller shall be permitted to assign this Agreement as collateral for any financing or refinancing of the Project with the prior written consent of the Buyer, which consent shall not be unreasonably withheld. If Buyer gives its consent, then such consent shall be in a form substantially similar to the Form of Consent to Assignment attached hereto as Appendix IV provided that (i) Buyer shall not be required to consent to any additional terms or conditions beyond those contained in Appendix IV, including extension of any cure periods or additional remedies for financing providers, and (ii) Seller shall be responsible at Buyer's request for Buyer's reasonable costs associated with the review, negotiation, execution and delivery of documents in connection with such assignment, attorneys' fees.

(c) Notice of Change in Control. Except in connection with public market transactions of the equity interests or capital stock of Seller or Seller's Affiliates', Seller shall provide Buyer notice of any direct change of control of Seller (whether voluntary or by operation of Law).

(d) Unauthorized Assignment. Any assignment or purported assignment in violation of this Section 10.5 is void.

#### 10.6 Confidentiality.

(a) Each Party agrees, and shall use reasonable efforts to cause its parent, subsidiary and Affiliates, and its and their respective directors, officers, employees and representatives, as a condition to receiving confidential information hereunder, to keep confidential, except as required by Law, including without limitation the California Public Records Act (Government Code §§ 6250 et seq, "CPRA"), all documents, data (including operating data provided in connection with the scheduling of energy or otherwise pursuant to this Agreement), drawings, studies, projections, plans and other written information that relate to economic benefits to, or amounts payable by, any Party under this Agreement,

and with respect to documents that are clearly marked “Confidential” at the time a Party shares such information with the other Party (“Confidential Information”). The provisions of this Section 10.6 shall survive and shall continue to be binding upon the Parties for a period of one (1) year following the date of termination or expiration of this Agreement. Notwithstanding the foregoing, information shall not be considered Confidential Information if such information (i) is disclosed with the prior written consent of the originating Party, (ii) was in the public domain prior to disclosure or is or becomes publicly known or available other than through the action of the receiving Party in violation of this Agreement, (iii) was lawfully in a Party’s possession or acquired by a Party outside of this Agreement, which acquisition was not known by the receiving Party to be in breach of any confidentiality obligation, or (iv) is developed independently by a Party based solely on information that is not considered confidential under this Agreement.

(b) Subject to the CPRA, either Party may, without violating this Section 10.6, disclose matters that are made confidential by this Agreement:

(i) to its counsel, accountants, auditors, advisors, other professional consultants, credit rating agencies, actual or prospective, co-owners, investors, purchasers, lenders, underwriters, contractors, suppliers, and others involved in construction, operation, and financing transactions and arrangements for a Party or its subsidiaries or Affiliates;

(ii) to governmental officials and parties involved in any proceeding in which a Party is seeking a Permit, certificate, or other regulatory approval or order necessary or appropriate to carry out this Agreement; and

(iii) to governmental officials or the public as required by any law, regulation, order, rule, order, ruling or other Requirement of Law, including oral questions, discovery requests, subpoenas, civil investigations or similar processes and laws or regulations requiring disclosure of financial information, information material to financial matters, and filing of financial reports.

(c) If a Party is requested or required, pursuant to any applicable Law, regulation, order, rule, or ruling, discovery request, subpoena, civil investigation or similar process to disclose any of the Confidential Information, such Party shall provide prompt written notice to the other Party of such request or requirement so that at such other Party’s expense, such other Party can seek a protective order or other appropriate remedy concerning such disclosure.

(d) Notwithstanding the foregoing or any other provision of this Agreement, Seller acknowledges that Buyer is subject to disclosure as required by CPRA. Confidential Information of Seller provided to Buyer pursuant to this Agreement shall become the property of Buyer, and Seller acknowledges that Buyer shall not be in breach of this Agreement or have any liability whatsoever under this Agreement or otherwise for any claims or causes of action whatsoever resulting from or arising out of Buyer copying or releasing to a third party any of the Confidential Information of Seller pursuant to CPRA; *provided* that Seller shall (i) provide notice to Seller prior to any such disclosure in accordance with Section 10.6(c) endeavor, in good faith, not to disclose any of Seller’s “trade secrets” as consistent with the CPRA and (iii) support, to the extent in compliance with Buyer’s rights and obligations under applicable laws, Seller in its efforts to obtain a protective order or other appropriate remedy with respect to the disclosure of operating data from the Projecct or any engineering drawings, project plans, technical specifications or other similar information regarding the Project.

(e) Notwithstanding the foregoing or any other provision of this Agreement, Buyer may record, register, deliver and file all such notices, statements, instruments and other documents as may

be necessary or advisable to render fully valid, perfected and enforceable under all applicable law the credit support contemplated by this Agreement, and the rights, Liens and priorities of Buyer with respect to such credit support.

(f) If Buyer receives a CPRA request for Confidential Information of Seller, and Buyer determines that such Confidential Information is subject to disclosure under CPRA, then Buyer shall notify the other Buyer and Seller of the request and its intent to disclose the documents. Buyer, as required by CPRA, shall release such documents unless Seller timely obtains a court order prohibiting such release. If Seller, at its sole expense, chooses to seek a court order prohibiting the release of Confidential Information pursuant to a CPRA request, then Seller undertakes and agrees to defend, indemnify and hold harmless Buyer and the Indemnitees from and against all suits, claims, and causes of action brought against Buyer or any Indemnitees for Buyer's refusal to disclose Confidential Information of Seller to any person making a request pursuant to CPRA. Seller's indemnity obligations shall include, but are not limited to, all actual costs incurred by Buyer and any Indemnitees, and specifically including costs of experts and consultants, as well as all damages or liability of any nature whatsoever arising out of any suits, claims, and causes of action brought against Buyer or any Indemnitees, through and including any appellate proceedings. Seller's obligations to Buyer and all Indemnitees under this indemnification provision shall be due and payable on a Monthly, on-going basis within thirty (30) days after each submission to Seller of Buyer's invoices for all fees and costs incurred by Buyer and all Indemnitees, as well as all damages or liability of any nature.

(g) Each Party acknowledges that any disclosure or misappropriation of Confidential Information by such Party in violation of this Agreement could cause the other Party or their Affiliates irreparable harm, the amount of which may be extremely difficult to estimate, thus making any remedy at law or in damages inadequate. Therefore each Party agrees that the non-breaching Party shall have the right to apply to any court of competent jurisdiction for a restraining order or an injunction restraining or enjoining any breach or threatened breach of this Agreement and for any other equitable relief that such non-breaching Party deems appropriate. This right shall be in addition to any other remedy available to the Parties in law or equity, subject to the limitations set forth in Section 7.1.

10.7 Audit. Each Party has the right, at its sole expense and during normal working hours, after reasonable Notice, 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. 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 Interest 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.

10.8 Insurance. Throughout the Term, Seller shall, at its sole cost and expense, obtain and maintain the following insurance coverages and be responsible for its subcontractors, including Seller's EPC Contractors, maintaining sufficient limits of the appropriate insurance coverage. The obligations of the Seller in this Section 10.10 constitute material obligations of the Agreement.

(a) Workers' Compensation and Employers' Liability.

(i) Workers' Compensation insurance indicating compliance with any applicable labor codes, acts, Laws or statutes, state or federal, where Seller performs Work.

(ii) Employers' Liability insurance shall not be less than one million dollars (\$1,000,000.00) for injury or death occurring as a result of each accident.

(b) Commercial General Liability.

(i) Coverage shall be at least as broad as the Insurance Services Office Commercial General Liability Coverage “occurrence” form, with no alterations to the coverage form.

(ii) The limit shall not be less than three million dollars (\$3,000,000.00) each occurrence for bodily injury, property damage, personal injury and products/completed operations. Defense costs shall be provided as an additional benefit and not included within the limits of liability. Coverage limits may be satisfied using an umbrella or excess liability policy or an Owners Contractors Protective (OPC) policy. Limits shall be on a per project basis.

(iii) Coverage shall:

(A) by “Additional Insured” endorsement add as insureds RCEA, its directors, officers, agents and employees with respect to liability arising out of the Work performed by or for the Seller. In the event the Commercial General Liability policy includes a “blanket endorsement by contract,” the following language added to the certificate of insurance will satisfy Buyer’s requirement: “RCEA, its directors, officers, agents and employees with respect to liability arising out of the Work performed by or for the Seller has been endorsed by blanket endorsement;”

(B) be endorsed (blanket or otherwise) to specify that the Seller’s insurance is primary and that any insurance or self-insurance maintained by RCEA shall not contribute with it; and

(C) include a severability of interest clause.

(c) Business Auto.

(i) Coverage shall be at least as broad as the Insurance Services Office Business Auto Coverage form covering Automobile Liability, code 1 “any auto”.

(ii) The limit shall not be less than one million dollars (\$1,000,000.00) each accident for bodily injury and property damage.

(iii) If scope of Work involves hauling hazardous materials, coverage shall be endorsed in accordance with Section 30 of the Motor Carrier Act of 1980 (Category 2) and the CA 99 48 endorsement.

(d) Additional Insurance Requirements.

(i) Before commencing performance of the Work, Seller shall furnish Buyer with certificates of insurance and endorsements of all required insurance for Seller.

(ii) The documentation shall state that coverage shall not be cancelled except after thirty (30) days prior written Notice has been given to Buyer.

(iii) Certificates of insurance and endorsements shall be signed and submitted by a person authorized by that insurer to issue certificates of insurance and endorsements on its behalf, and shall be Noticed and delivered to Buyer’s authorized representative.

(iv) Reviews of such insurance may be conducted by Buyer on an annual basis.

(v) Upon request, Seller shall furnish Buyer evidence of insurance for its subcontractors.

(e) Form And Content.

All policies or binders with respect to insurance maintained by Seller shall waive any right of subrogation of the insurers hereunder against Buyer, its officers, directors, employees, agents and representatives of each of them, and any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any such person insured under such policy.

10.9 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.

10.10 General. Except to the extent provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties. The Parties acknowledge and agree that this Agreement is a “forward contract” (within the meaning of the Bankruptcy Code, as in effect as of the Execution Date). 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. Facsimile or PDF transmission will be the same as delivery of an original document; provided that at the request of either Party, the other Party will confirm facsimile or PDF signatures by signing and delivering an original document; provided, however, that the execution and delivery of this Agreement and its counterparts shall be subject to Section 10.12. This Agreement shall be binding on each Party’s successors and permitted assigns.

10.11 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.

10.12 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.

10.13 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).

10.14. Public Announcements. Seller shall make no public announcement regarding any aspect of this Agreement or the role of Seller in regards to the development or operation of the Project without the prior written consent of Buyer, which consent shall not be unreasonably withheld. Any public announcement by Seller must comply with California Business and Professions Code § 17580.5 and with the *Guides for the Use of Environmental Marketing Claims*, published by the FTC, as it may be updated from time to time.

## **ARTICLE ELEVEN: TERMINATION EVENT**

### **11.1 Force Majeure Termination Event.**

(a) Force Majeure Failure. Buyer shall have the right, but not the obligation, to terminate this Agreement after the occurrence of any of the following: (each constituting a “Force Majeure Failure”):

(i) If during the Delivery Term:

(A) the Project fails to deliver at least forty percent (40%) of the Contract Quantity to the Delivery Point for a period of twelve (12) consecutive rolling months following a Force Majeure event that materially and adversely impacts the Project and Buyer has provided Notice to Seller of such failure; provided that, if Seller within forty-five (45) days of receipt of Notice from Buyer, presents Buyer with a plan for mitigation of the effect of the Force Majeure within a period not to exceed six (6) months from the above-mentioned Notice date, which plan is commercially reasonable and satisfactory to Buyer, as evidenced by Buyer’s written acknowledgement of such plan, then Buyer shall not have the right to terminate this Agreement pursuant to this Section 11.1(a) until the expiration of the mitigation period deemed necessary by Seller to repair the Project (which shall not exceed six (6) months); provided that Seller diligently pursues such mitigation plan throughout the mitigation period, and after which time Buyer may terminate this Agreement unless the Project has been repaired, and the Seller has resumed and is satisfying all of its obligations under this Agreement; or

(B) the Project is destroyed or rendered inoperable by a Force Majeure event caused by a catastrophic natural disaster; provided that Seller shall have up to ninety (90) days following such Force Majeure event to obtain a report from an independent, third party engineer stating whether the Project is capable of being repaired or replaced no later than twenty-four (24) months from the date of the report and Seller shall provide Buyer with a copy of the engineer’s report, at no cost to Buyer; provided further that if such engineer’s report concludes that the Project is capable of being repaired or replaced within such twenty-four (24) month period and Seller undertakes and continues such repair or replacement with due diligence, then Buyer shall not have the right to terminate this Agreement pursuant to this Section 11.1(a) until the expiration of the period deemed necessary by the engineer’s report (which shall not exceed twenty-four (24) months), after which time, Buyer may terminate this Agreement unless the Project has been repaired or replaced, as applicable, and the Seller has resumed and is satisfying all of its obligations under this Agreement.

(b) Termination and Right of First Offer.

(i) If Buyer exercises its termination right in connection with the Force Majeure Failure, then the Agreement shall terminate without further liability of either Party to the other, effective upon the date set forth in Buyer's Notice of termination, subject to each Party's satisfaction of all of the final payment and survival obligations set forth in Sections 2.5(a) and (b). The Parties agree that for a period of three (3) years from the date on which Buyer Notifies Seller of termination due to the Force Majeure Failure ("Exclusivity Period"), neither Seller, its successors and assigns, nor its Affiliates shall enter into an obligation or agreement to sell or otherwise transfer any Products from the Project to any third party, unless Seller first offers, in writing, to sell to Buyer such Products from the Project on the same terms and conditions as this Agreement, subject to permitted modifications identified in subpart (ii) below, (the "First Offer") and Buyer either accepts or rejects such First Offer in accordance with the provisions herein.

(ii) If Buyer accepts the First Offer, Buyer shall Notify Seller within thirty (30) days of receipt of the First Offer subject to Buyer's governing board approval ("Buyer's Notice of First Offer Acceptance"), and then the Parties shall have not more than ninety (90) days from the date of Buyer's Notice of First Offer Acceptance to enter into a new power purchase agreement, in substantially the same form as this Agreement, or amend this Agreement, if necessary; provided that the Contract Price may only be increased to reflect Seller's documented incremental costs in overcoming the Force Majeure event.

(iii) If Buyer rejects or fails to accept Seller's First Offer within thirty (30) days of receipt of such offer, Seller shall thereafter be free to sell or otherwise transfer, and to enter into agreements to sell or otherwise transfer, any Products from the Project to any third party, so long as the material terms and conditions of such sale or transfer are not more favorable to the third party than those of the First Offer to Buyer. If, during the Exclusivity Period, Seller desires to enter into an obligation or agreement with a third party, Seller shall deliver to Buyer a certificate of an authorized officer of Seller (A) summarizing the material terms and conditions of such agreement and (B) certifying that the proposed agreement with the third party will not provide Seller with a lower rate of return than that offered in the First Offer to Buyer. If Seller is unable to deliver such a certificate to Buyer, then Seller may not sell or otherwise transfer, or enter into an agreement to sell or otherwise transfer, the Products from the Project without first offering to sell or otherwise transfer such Products to Buyer on such more favorable terms and conditions (the "Revised Offer") in accordance with subpart (ii) above. If within thirty (30) days of receipt of Seller's Revised Offer the Buyer rejects, or fails to accept by Notice to Seller, the Revised Offer, then Seller will thereafter be free to sell or otherwise transfer, and to enter into agreements to sell or otherwise transfer, such Products from the Project to any third party on such terms and conditions as set forth in the certificate.

## **ARTICLE TWELVE: DISPUTE RESOLUTION**

In the event of any dispute arising under this Agreement, within ten (10) days following the receipt of a written Notice from either Party identifying such dispute, the Parties shall meet, negotiate and attempt, in good faith, to resolve the dispute quickly, informally and inexpensively. If the Parties are unable to resolve a dispute arising hereunder within the earlier of either thirty (30) days of initiating such discussions, or within forty (40) days after Notice of the dispute, either Party may seek any and all remedies available to it at law or in equity, subject to the limitations set forth in this Agreement.

## **ARTICLE THIRTEEN: 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 in the manner specified herein; provided, however, that notices of Outages or other Scheduling or dispatch information

or requests, as provided in Appendix VI, shall be provided in accordance with the terms set forth in the relevant section of this Agreement. Notices may be sent by facsimile or e-mail. A Notice sent by facsimile transmission or e-mail will be recognized and shall be deemed received on the Business Day on which such Notice was transmitted if received before 5:00 p.m. (and if received after 5:00 p.m., on the next Business Day) and a Notice of overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party. Either Party may periodically change any address, phone number, e-mail, website, or contact, including such information in Appendix VI and the "Notices List" in the Cover Sheet, to which Notice is to be given it by providing Notice of such change to the other Party.

## SIGNATURES

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### **Agreement Execution**

In WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the dates provided below:

**[SELLER, a (*include place of formation and business type*)]**

**REDWOOD COAST ENERGY AUTHORITY,  
a California joint powers authority**

Signature: _____	Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____



## APPENDIX I

### FORM OF LETTER OF CREDIT

#### *Issuing Bank Letterhead and Address*

STANDBY LETTER OF CREDIT NO. XXXXXXXXX

**Date:** [insert issue date]

**Beneficiary:** Redwood Coast Energy Authority  
633 3<sup>rd</sup> St,  
Eureka, CA 95501

**Applicant:** [Insert name and address of Applicant]

Attention:

**Letter of Credit Amount:** [insert amount]

**Expiry Date:** [insert expiry date]

Ladies and Gentlemen:

By order of **[insert name of Applicant]** ("Applicant"), we hereby issue in favor of Redwood Coast Energy Authority (the "Beneficiary") our irrevocable standby letter of credit No. **[insert number of letter of credit]** ("Letter of Credit"), for the account of Applicant, for drawings up to but not to exceed the aggregate sum of U.S. \$ **[insert amount in figures followed by (amount in words)]** ("Letter of Credit Amount"). This Letter of Credit is available with **[insert name of issuing bank, and the city and state in which it is located]** by sight payment, at our offices located at the address stated below, effective immediately, and it will expire at our close of business on **[insert expiry date]** (the "Expiry Date").

Funds under this Letter of Credit are available to the Beneficiary against presentation of the following documents:

1. Beneficiary's signed and dated sight draft in the form of Exhibit A hereto, referencing this Letter of Credit No. **[insert number]** and stating the amount of the demand; and

2. One of the following statements signed by an authorized representative or officer of Beneficiary:

A. "Pursuant to the terms of that certain **[insert name of the agreement]** (the "Agreement"), dated **[insert date of the Agreement]**, between Beneficiary and **[insert name of Seller under the Agreement]**, Beneficiary is entitled to draw under Letter of Credit No. **[insert number]** amounts owed by **[insert name of Seller under the Agreement]** under the Agreement; or

B. "Letter of Credit No. **[insert number]** will expire in thirty (30) days or less and **[insert name of Seller under the Agreement]** has not provided replacement security acceptable to Beneficiary.

Special Conditions:

1. Partial and multiple drawings under this Letter of Credit are allowed;
2. All banking charges associated with this Letter of Credit are for the account of the Applicant;
3. This Letter of Credit is not transferable; and
4. The Expiry Date of this Letter of Credit shall be automatically extended without a written amendment for a period of one year and on each successive Expiry Date, unless at least sixty (60) days before the then current Expiry Date, we notify you by registered mail or courier that we elect not to extend the Expiry Date of this Letter of Credit for such additional period.

We engage with you that drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored upon presentation, on or before the Expiry Date (or after the Expiry Date as provided below), at our offices at **[insert issuing bank's address for drawings]**.

All demands for payment shall be made by presentation of originals or copies of documents; or by facsimile transmission of documents to **[insert fax number]**, Attention: **[insert name of issuing bank's receiving department]**, with originals or copies of documents to follow by overnight mail. If presentation is made by facsimile transmission, you may contact us at **[insert phone number]** to confirm our receipt of the transmission. Your failure to seek such a telephone confirmation does not affect our obligation to honor such a presentation.

Our payments against complying presentations under this Letter of Credit will be made no later than on the sixth (6th) banking day following a complying presentation.

Except as stated herein, this Letter of Credit is not subject to any condition or qualification. It is our individual obligation, which is not contingent upon reimbursement and is not affected by any agreement, document, or instrument between us and the Applicant or between the Beneficiary and the Applicant or any other party.

Except as otherwise specifically stated herein, this Letter of Credit is subject to and governed by the *Uniform Customs and Practice for Documentary Credits, 2007 Revision*, International Chamber of Commerce (ICC) Publication No. 600 (the "UCP 600"); provided that, if this Letter of Credit expires during an interruption of our business as described in Article 36 of the UCP 600, we will honor drafts presented in compliance with this Letter of Credit within thirty (30) days after the resumption of our business and effect payment accordingly.

The law of the State of California shall apply to any matters not covered by the UCP 600.

For telephone assistance regarding this Letter of Credit, please contact us at **[insert number and any other necessary details]**.

Very truly yours,

**[insert name of issuing bank]**

By: \_\_\_\_\_  
Authorized Signature

Name: \_\_\_\_\_ **[print or type name]**

Title: \_\_\_\_\_

**Exhibit A SIGHT DRAFT**

TO  
[INSERT NAME AND ADDRESS OF PAYING BANK]

AMOUNT: \$ \_\_\_\_\_ DATE: \_\_\_\_\_

AT SIGHT OF THIS DEMAND PAY TO THE ORDER OF REDWOOD COAST ENERGY  
AUTHORITY THE AMOUNT OF U.S.\$ \_\_\_\_\_ ( \_\_\_\_\_ U.S. DOLLARS)

DRAWN UNDER [INSERT NAME OF ISSUING BANK] LETTER OF CREDIT NO. XXXXXX.

REMIT FUNDS AS FOLLOWS:

[INSERT PAYMENT INSTRUCTIONS]

DRAWER

BY: \_\_\_\_\_  
NAME AND TITLE



## APPENDIX II

### INITIAL ENERGY DELIVERY DATE CONFIRMATION LETTER

In accordance with the terms of that certain Power Purchase Agreement dated \_\_\_\_\_ (“Agreement”) by and between \_\_\_\_\_ (“Buyer”) and \_\_\_\_\_ (“Seller”), this letter (“Initial Energy Delivery Date Confirmation Letter”) serves to document the Parties’ further agreement that (i) the Conditions Precedent to the occurrence of the Initial Energy Delivery Date have been satisfied, and (ii) Buyer has accepted delivery of the Product, as specified in the Agreement, as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “Initial Energy Delivery Date”). All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

Seller represents to Buyer that it has been granted status as an [Exempt Wholesale Generator] [Qualifying Facility]. Additionally Seller provides the following FERC Tariff information for reference purposes only:

Tariff:                      Dated:                      Docket Number:

IN WITNESS WHEREOF, each Party has caused this Initial Energy Delivery Date Confirmation Letter to be duly executed by its authorized representative as of the date of last signature provided below:

[**SELLER**]

**REDWOOD COAST ENERGY AUTHORITY**

Signature: _____	Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

**APPENDIX III**  
**FORM OF PROGRESS REPORT**

Progress Report

of

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("Seller")

provided to

REDWOOD COAST ENERGY AUTHORITY  
("Buyer")

[Date]

## Instructions.

Any capitalized terms used in this report which are not defined herein shall have the meaning ascribed to them in the Power Purchase Agreement by and between \_\_\_\_\_, (“Seller”) and Redwood Coast Energy Authority dated \_\_\_\_\_, (the “Agreement”).

Seller shall review the status of each Milestone of the construction schedule for the Project 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 schedule, and with respect to any such matters, shall state the actions which Seller intends to take to ensure that 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, 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 Units or related Project, attaining any Milestone, or obtaining any contemplated agreements with other parties which are necessary for attaining any Milestone or which otherwise reasonably could be expected to materially threaten Seller’s ability to attain any 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 (including a change of 50% or more of any ownership interest in Seller’s business) or prospects which reasonably could be expected to materially threaten financing of the Project, attainment of any Milestone or materially threaten any contemplated agreements with other parties which are necessary for attaining any Milestone or could otherwise reasonably be expected to materially threaten Seller’s ability to attain any 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 Milestone, including any failure or delay in obtaining necessary easements;

(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 Progress Report and any material change in the Seller’s proposed actions to remedy or overcome such matter or issue.

For guidance, each “overview” subsection shall include a summary of the status and progress of major activities associated with that section, whether planned, in progress, or completed, including relevant dates. Each “recent activities” subsection shall include details of activities during the previous month. Each “expected activities” subsection shall include a brief list of major activities planned for the current month.

Seller shall complete, certify, and deliver this form of Progress Report to Richard Engel, together with all attachments and exhibits, with copies of this report delivered to insert information here and insert information here.



## **1. Executive Summary**

Please provide a brief chronological cumulative summary of the **major** activities completed for each of the following aspects of the Project. Include the date each item was added to the summary (e.g., in Milestone section “January 2020 – notice of Construction Start Date milestone achieved was reported to RCEA on January 15, 2020” and in Construction section “January 2020 - Notice to Proceed was issued to EPC contractor on January 10, 2020” ):

- 1.1 Milestones**
- 1.2 Governmental Approvals**
- 1.3 Financing**
- 1.4 Property Acquisition**
- 1.5 Design and Engineering**
- 1.6 Major Equipment procurement**
- 1.7 Construction**
- 1.8 Interconnection**
- 1.9 Startup**

## **2. Milestones**

In this section, please include information on each Milestone listed in the Cover Sheet, plus any additional significant milestones related to the project.

### **2.1 Milestone schedule**

Please state the status and progress of each Milestone. Provide the date of completion of completed Milestone(s) and the expected date of completion of uncompleted Milestone(s). The expected date is the current best estimate, and may change from time to time as better information becomes available.

### **2.2 Remedial Action Plan (applicable if Seller fails to achieve a Milestone by the Milestone Date)**

Please describe in detail any delays (actual or anticipated) beyond the scheduled Milestone dates. Describe the cause of the delay (e.g., governmental approvals, financing, property acquisition, design activities, equipment procurement, project construction, interconnection, or any other factor). Describe Seller’s Remedial Action Plan which shall include detailed plans to achieve the missed Milestone and subsequent Milestones.

## **3. Governmental Approvals**

In this section, please include information on each of the Governmental Approvals required for the construction of the Units and the status thereof. List the applicable government agency, the

type of application/approval requested, and the dates (expected or actual) of significant activity. Significant activity includes, but is not limited to, application submission, notice of complete application, notice of preparation, public hearing or comment period, draft documents and/or approvals, final documents and/or approvals, notice of determination, and/or issuance of permit. If the government agency maintains a website with information on the approval process for the Project, please provide a link.

### **3.1 Environmental Impact Report/Statement (EIR/EIS)**

Please describe the environmental review process and each of the Governmental Approval(s) to be obtained for the Project. Provide the status and completion date (expected or actual) of each significant activity in the process.

### **3.2 Other Governmental Approvals**

Please describe each of the other Governmental Approvals to be obtained for the Project. Provide the status and completion date (expected or actual) of each significant activity.

### **3.3 Recent Governmental Approval activities**

Please describe in detail the Governmental Approval activities that occurred during the previous calendar month.

### **3.4 Expected Governmental Approval activities**

Please list all Governmental Approval activities that are expected to be performed during the current calendar month.

### **3.5 Governmental Approval Notices received**

Please attach to this Progress Report copies of any Notices related to Governmental Approval activities received during the previous calendar month.

## **4. Financing Activities**

In this section, please include information on each separate phase of financing for the Project. Include information on debt, equity, and/or federal or state loans or grants.

### **4.1 Overview of financing activities**

Please provide a summary of the status and progress of each major financing activity, including the date of execution of significant documents, and information on the expected timing of future significant activities.

### **4.2 Recent financing activities**

Please describe in detail the financing activities that occurred during the previous calendar month.

#### **4.3 Expected financing activities**

Please list the financing activities that are expected to be performed during the current calendar month.

### **5. Property Acquisition Activities**

In this section, please include information on property acquisition or site control activities for the Project.

#### **5.1 Overview of property acquisition activities**

Please provide a summary of the status and progress of each major property acquisition activity, including the date of execution of significant documents, and information on the expected timing of future significant activities.

#### **5.2 Recent property acquisition activities**

Please describe in detail the property acquisition activities that occurred during the previous calendar month.

#### **5.3 Expected property acquisition activities**

Please list the property acquisition activities that are expected to be performed during the current calendar month.

### **6. Design and Engineering Activities**

In this section, please include information on the status of design and engineering for the Project.

#### **6.1 Overview of design activities**

Please provide a summary of the status and progress of each major design or engineering activity, including dates of completion of significant activities and expected timing of future activities.

#### **6.2 Recent design activities**

Please describe in detail the design activities that occurred during the previous calendar month.

#### **6.3 Expected design activities**

Please list the design activities that are expected to be performed during the current calendar month.

### **7. Major Equipment Procurement**

In this section, please include information on all major equipment to be procured for all portions of the Project to be completed by Seller, including switchyards, substations and any other interconnection equipment, in addition to generating and auxiliary equipment.

### **7.1 Overview of major equipment procurement activities**

For each type of equipment, list the number of each major item to be procured, the manufacturer, model number (if applicable), and rating. List the delivery schedule (expected or actual as applicable), breaking out the number of each item (to be) procured or delivered in each month.

### **7.2 Recent major equipment procurement activities**

Please describe in detail the major equipment procurement activities that occurred during the previous calendar month.

### **7.3 Expected major equipment procurement activities**

Please list the major equipment procurement activities that are expected to be performed during the current calendar month.

## **8. Construction Activities**

In this section, please include information on the status of any construction-related factors that may affect the ability of the Project to deliver Product to the Buyer. Include information on the Project infrastructure, generating equipment, and major auxiliary equipment. Also include information on the substations, switchyards, gen-ties, telecommunications equipment or other interconnection facilities that are the direct responsibility of the Project.

### **8.1 Overview of major construction activities**

Please provide a summary of the status and progress of each major construction activity for all portions of the Project, including a schedule showing expected or actual dates as applicable. Provide the name of the EPC Contractor, the date of execution of the EPC Contract, and the date of issuance of a full Notice to Proceed (or equivalent). For each major type of equipment, break out the number of each item (to be) installed and/or commissioned in each month.

### **8.2 Recent construction activities**

Please describe in detail the construction activities that occurred during the previous calendar month.

### **8.3 Expected construction activities**

Please list the interconnection activities that are expected to be performed during the current calendar month.

### **8.4 EPC Contractor Progress Report**

Please attach a copy of the Progress Reports received during the previous calendar month from the EPC Contractor pursuant to the construction contract between Seller and EPC Contractor, certified by the EPC Contractor as being true and correct as of the date issued.

### **8.5 Look-ahead construction schedule**

Please provide a look-ahead construction schedule covering at least three months.

### **8.6 OSHA Recordables**

Please list all OSHA recordables from the previous calendar month.

### **8.7 Work stoppages**

Please describe any work stoppage from the previous calendar month and its effect on the construction schedule.

## **9. Interconnection Activities**

In this section, please include information on interconnection-related factors that may affect the ability of the Project to deliver Product to the Buyer. Include information on the status of interconnection studies, Interconnection Agreements, design and construction of Interconnection Facilities (e.g., substations, switchyards, gen-ties, system protection schemes, telecommunications equipment to the extent not already covered in the Project construction information in Section 8), Network Upgrades, and grid outage and/or interconnection schedules.

### **9.1 Overview of interconnection activities**

Please provide a summary of the status and progress of each major interconnection activity including dates of completion of significant activities and expected timing of future activities.

### **9.2 Recent interconnection activities**

Please describe in detail the interconnection activities that occurred during the previous calendar month.

### **9.3 Expected interconnection activities**

Please list the interconnection activities that are expected to be performed during the current calendar month.

## **10. Startup**

In this section, please include information on the status of activities related to preparation for Commercial Operation, including equipment testing, commissioning, release to operations, requirements of the grid operator, and any other activities that must be conducted before the Project may deliver Energy to the grid and/or declare Commercial Operation.

### **10.1 Overview of startup activities**

Please provide a summary of the status and progress of each major startup activity including dates of completion of significant activities and expected timing of future activities.

### **10.2 Recent startup activities**

Please describe in detail the startup activities that occurred during the previous calendar month.

### **10.3 Expected startup activities**

Please list the startup activities that are expected to be performed during the current calendar month.

I, \_\_\_\_\_, on behalf of and as an authorized representative of \_\_\_\_\_, do hereby certify that any and all information contained in this Seller's 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: \_\_\_\_\_

## **APPENDIX IV**

### **CONSTRUCTION START AND COMMERCIAL OPERATION CERTIFICATION FORMS AND PROCEDURES**

Appendix IV-1: CONSTRUCTION START FORM OF CERTIFICATION

Appendix IV-2: COMMERCIAL OPERATION CERTIFICATION PROCEDURE

Attachment A Commercial Operation Form of Certification

Appendix IV-3: CAPACITY TEST PROCEDURE [*Use for Baseload Product only*]

*[Use this Appendix IV—1 for BOTH As-Available and Baseload Products]*

**APPENDIX IV–1**

**CONSTRUCTION START  
FORM OF CERTIFICATION**

\_\_\_\_\_  
(Date)

Director of Power Resources  
Redwood Coast Energy Authority  
633 3<sup>rd</sup> St  
Eureka, CA 95501

Re: Construction Start Date

This certification (“Certification”) of the Construction Start Date is delivered by \_\_\_\_\_ (“Seller”) to Redwood Coast Energy Authority (“Buyer”) in accordance with the terms of that certain Power Purchase Agreement dated \_\_\_\_\_ (“Agreement”) by and between Seller and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement. Seller hereby certifies and represents to Buyer all of the following:

- a) the EPC Contract related to the Project was executed on \_\_\_\_\_;
- b) [permitting agency name] \_ issued grading permits to the Seller on \_\_\_\_\_; and
- c) the Notice to Proceed was issued on \_\_\_\_\_ (attached), and.
- d) mobilization at the Project Site commenced on \_\_\_\_\_.

IN WITNESS WHEREOF, the undersigned has executed this certificate on behalf of the Seller as of the \_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
(Seller)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Position)

[LICENSED PROFESSIONAL ENGINEER]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Engineering Stamp



## APPENDIX IV-2

### COMMERCIAL OPERATION CERTIFICATION PROCEDURE

In accordance with the terms of that certain Power Purchase Agreement dated \_\_\_\_\_, 20\_\_ by and between Redwood Coast Energy Authority (“Buyer”) and \_\_\_\_\_ (“Seller”) to declare and recognize the Commercial Operation Date of the Project, Seller shall provide all of the documents set forth herein to Buyer as of the Commercial Operation Date. All terms not defined herein shall have the meaning set forth in the Agreement.

- (1) A certification from an authorized officer of Seller, substantially in the form of Attachment A to this Appendix IV-2, dated as of the Commercial Operation Date; and
- (2) A certificate or report from a Licensed Professional Engineer containing all of the following:
  - (a) A statement that the Project has achieved Mechanical Completion and the date on which it was achieved;
  - (b) A statement that the Project has successfully completed Project Testing and the dates on which Seller has accepted the test results; and
  - (c) A statement that the Project has achieved Substantial Completion and the date on which it was achieved.
- (3) Seller has provided to Buyer all documents which demonstrate that Seller has satisfied all of the CAISO agreement, interconnection agreement, and metering requirements in Sections 3.4 and 3.6 and has enabled Buyer to schedule the Facility with the CAISO for the Facility’s full unrestricted output.
- (4) Definitions.
  - (a) “Mechanical Completion” means that (i) all components and systems of the Project have been properly constructed, installed and functionally tested according to EPC Contract requirements in a safe and prudent manner that does not void any equipment or system warranties or violate any permits, approvals or Laws; (ii) the Project is ready for startup testing and commissioning; (iii) Seller has provided written acceptance to the EPC Contractor of mechanical completion as that term is specifically defined in the EPC Contract.
  - (b) “Project Testing Completion” means the written acceptance to the EPC Contractor of the completion of startup testing / commissioning, emissions testing (as applicable), and performance / acceptance / warranty testing (all such testing shall be collectively referred to as “Project Testing”) as required under the EPC Contract. The objectives of the tests shall be generally (i) to verify that the Project has been properly designed and constructed to meet the performance and operating requirements of the EPC Contract; (ii) to assure warranty coverage for equipment and systems over their warranty periods.
  - (c) “Substantial Completion” means when the following has occurred: (i) the Project is sufficiently complete, in accordance with the EPC Contract, that Seller has full and unrestricted use and benefit of the Project in the use for which it is intended; (ii) the Project has achieved Mechanical Completion; (iii) utilities are fully connected and operating normally; (iv) all necessary permits have been issued; (v) the Project is fully and properly interconnected and synchronized with the electrical grid and is capable of producing electricity in accordance with the EPC Contract; (vi) the operating manual has been approved by Seller; (vii) all work other than incidental corrective and incidental punch list work is complete; and (viii) Seller has provided written acceptance to the EPC Contractor of substantial completion as that term is specifically defined in the EPC Contract.

**APPENDIX IV-2 –Attachment A**

**COMMERCIAL OPERATION  
FORM OF CERTIFICATION**

This certification (“Certification”) of Commercial Operation is delivered by \_\_\_\_\_ (“Seller”) to Redwood Coast Energy Authority (“Buyer”) in accordance with the terms of that certain Power Purchase Agreement dated \_\_\_\_\_ (“Agreement”) by and between Seller and Buyer. All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Seller hereby certifies and represents to Buyer the following:

- (1) Mechanical Completion of the Project was achieved on \_\_\_\_ [DATE] \_\_\_\_.
- (2) Project Testing Completion successfully occurred on:

***[Seller to indicate each type of Project Testing and date completed]***

- (a) NAME OF TEST [DATE]
  - (b) NAME OF TEST [DATE]
  - (c) NAME OF TEST [DATE]
- (3) Substantial Completion of the Project was achieved on \_\_\_\_ [DATE] \_\_\_\_
- (4) Pre-parallel inspection of the Project was successfully completed on \_\_\_\_ [DATE] \_\_\_\_
- (5) Authorization to parallel the Project was obtained on \_\_\_\_ [DATE] \_\_\_\_
- (6) Telemetry / SCADA visibility with PTO and CAISO grid control and power dispatch centers was obtained for the Project on \_\_\_\_ [DATE] \_\_\_\_
- (7) Reliability Network Upgrades (as defined in the CAISO Tariff) were completed on the Project on \_\_\_\_ [DATE] \_\_\_\_
- (8) Power system stabilizer testing and calibration was obtained for the Project on \_\_\_\_ [DATE] \_\_\_\_  
or, ☐ was not required
- (9) Full Capacity Deliverability Status Finding from CAISO was obtained for the Project on \_\_\_\_ [DATE] \_\_\_\_ or, ☐ was not required because the Project is Energy Only.
- (10) The Participating Transmission Provider or Distribution Provider has provided documentation supporting full unrestricted release for Commercial Operation by [Name of Participating Transmission Owner as appropriate] on \_\_\_\_ [DATE] \_\_\_\_.
- (11) The CAISO has provided notification supporting Commercial Operation, in accordance with the CAISO tariff on \_\_\_\_ [DATE] \_\_\_\_.

A certified statement of the Licensed Professional Engineer, attached hereto, has been provided as evidence of Commercial Operation of the Project to provide Product and meet, at a minimum, the requirements indicated herein.

EXECUTED by SELLER this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**[Licensed Professional Engineer]**

Signature: _____	Signature: _____
Name: _____	Name: _____
Title: _____	Title: _____
	Date: _____
License Number and LPE Stamp _____	

*[Use for Baseload Product only]*

#### **APPENDIX IV–3**

#### **CAPACITY TEST PROCEDURE**

**[To be developed by Buyer and Seller by using CAISO test procedures for the applicable technology]**

## APPENDIX V

### GEP DAMAGES CALCULATION

In accordance with the provisions in Section 3.1(e)(ii), GEP Damages means the liquidated damages payment due by Seller to Buyer, calculated as follows:

$$[(A-B) \times (C-D)]$$

Where:

A = the Guaranteed Energy Production for the Performance Measurement Period, in MWh

B = Sum of Delivered Energy plus Deemed Delivered Energy, if any, over the Performance Measurement Period, in MWh

C= Replacement price for the Performance Measurement Period, in \$/MWh, which is the sum of (a) the simple average of the Integrated Forward Market hourly price for all the hours in the Performance Measurement Period, as published by the CAISO, for the Existing Zone Generation Trading Hub (as defined in the CAISO Tariff), in which the PNode resides, plus (b) \$50/MWh

D = the unweighted Contract Price specified in the Cover Sheet for the Performance Measurement Period, in \$/MWh

The Parties agree that in the above calculation of GEP Damages, the result of “(C-D)” is less than \$20/MWh, the “(C-D)” will be replaced with \$20/MWh.

## APPENDIX VI

### NOTIFICATION REQUIREMENTS FOR AVAILABLE CAPACITY AND PROJECT OUTAGES

#### A. NOTIFICATION REQUIREMENTS FOR ROUTINE START-UP AND SHUTDOWNS

Prior to paralleling or after disconnecting from the electric system, ALWAYS follow your balancing authority rules and notify the applicable Participating Transmission Owner's (PTO) switching center

- Call the applicable Participating Transmission Owner's (PTO) switching center and TEA's Real-Time Desk to advise of the intent to parallel before any Start-up.
- Call the applicable Participating Transmission Owner's (PTO) switching center and TEA's Real-Time Desk after the unit has been paralleled and report the parallel time and intended unit output.
- Call the applicable Participating Transmission Owner's (PTO) switching center and TEA's Real-Time Desk after any routine separation and report the separation time as well as the date and time estimate for return to service.

#### B. SUBMISSION OF AVAILABLE CAPACITY AND PLANNED OUTAGES

1. Implement the procedures set forth below:

- a. For all email correspondence, enter the following in the email subject field: Delivery Date Range, Company Name, Contract Name, Email Purpose, Date Range (For example: "dd/mm/yyyy through dd/mm/yyyy, XYZ Company Project #2, Daily Forecast of Available Capacity,")
- b. For Annual Forecasts of Available Capacity, email to For Monthly and Daily Forecasts of Available Capacity, email to [insert information here](#).
- c. For Daily Forecasts of Available Capacity after fourteen (14) hours before the WECC Preschedule Day, but before the CAISO deadline for submitting Schedules into the Day-Ahead Market, call primary phone [insert information here](#) or backup phone [insert information here](#). Also send email to [insert information here](#).
- d. For Hourly Forecasts of Available Capacity, call TEA's Real Time Desk at [insert information here](#) and email to [insert information here](#).
- e. For Planned Outages and Prolonged Outages, complete the specifics below and submit by email to [insert information here](#).
  - i. *Email subject field:* Company Name, Contract Name, Email Purpose, Date Range (For example: "dd/mm/yyyy through dd/mm/yyyy, XYZ Company Project #2, Daily Forecast of Available Capacity")

ii. Email body:

1. Type of Outage: Planned Outage or Prolonged Outage
2. Start Date and Start Time
3. Estimated or Actual End Date and End Time for Outage
4. Date and time when reported to TEA and name(s) of TEA representative(s) contacted
5. Text description of additional information as needed, including, but not limited to, changes to a Planned Outage or Prolonged Outage.
6. Contact name: first and last name of the individual at the Unit to contact regarding the outage(s) at issue in the email.

**C. FORCED OUTAGE REPORTING**

1. Forced Outages – Seller shall notify TEA’s Real Time Desk verbally at insert information here within ten (10) minutes of event or as soon as reasonably possible, after the safety of all personnel and securing of all facility equipment.
  - a. Verbal notification shall include time of forced outage, cause, current availability and estimated return date and time.
  - b. After verbally notifying TEA’s Real Time Desk of the forced outage, Seller shall also submit the following information via email to insert information here.
    - i. *Email subject field:* Company Name, Contract Name, Email Purpose, Date Range (For example: “dd/mm/yyyy through dd/mm/yyyy, XYZ Company Project #2, Daily Forecast of Available Capacity”)
  - ii. Email body:
    1. Type of Outage: Forced Outage
    2. Start Date and Start Time
    3. Estimated or Actual End Date and End Time
    4. Date and time when reported to TEA and name(s) of TEA representative(s) contacted.
    5. Text description of additional information as needed.
    6. Primary and secondary causes of Forced Outage, including a detailed description of specific equipment involved and the nature of the problem or condition.
    7. Equipment description and nature of work being performed. For generation outages, include NERC Generation Availability Data System

(GADS) numbers (as available) that identify the specific equipment and type of work that affect restrictions. Include additional equipment designations as available.

8. Text description of additional information as needed, including, but not limited to, changes to a previously scheduled Outage, links/cross-references to related outage cards and log entries, outage classifications per the CAISO Tariff, etc.
9. Associated events, e.g. operation of Special Protection Schemes.
10. Impact on CAISO-controlled Grid.

## APPENDIX VII

### FORM OF CONSENT TO ASSIGNMENT

#### CONSENT AND AGREEMENT

This CONSENT AND AGREEMENT (“Consent and Agreement”) is entered into as of [\_\_\_\_\_, 2\_\_\_\_], between REDWOOD COAST ENERGY AUTHORITY (“RCEA”), and [\_\_\_\_\_] , as collateral agent (in such capacity, “Financing Provider”), for the benefit of various financial institutions (collectively, the “Secured Parties”) providing financing to [\_\_\_\_\_] (“Seller”). RCEA, Seller, and the Financing Provider shall each individually be referred to as a “Party” and collectively as the “Parties”.

#### **Recitals**

A. Pursuant to that certain Power Purchase Agreement dated as of \_\_\_\_\_, 2\_\_\_\_ (as amended, modified, supplemented or restated from time to time, as including all related agreements, instruments and documents, collectively, the “Assigned Agreement”) between RCEA and Seller, RCEA has agreed to purchase energy from Seller.

B. The Secured Parties have provided, or have agreed to provide, to Seller financing (including a financing lease) pursuant to one or more agreements (the “Financing Documents”), and require that Financing Provider be provided certain rights with respect to the “Assigned Agreement” and the “Assigned Agreement Accounts,” each as defined below, in connection with such financing.

C. In consideration for the execution and delivery of the Assigned Agreement, RCEA has agreed to enter into this Consent and Agreement for the benefit of Seller.

#### **Agreement**

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

2. Consent. Subject to the terms and conditions below, RCEA consents to and approves the pledge and assignment by Seller to Financing Provider pursuant to the Loan Agreement and/or Security Agreement of (a) the Assigned Agreement, and (b) the accounts, revenues and proceeds of the Assigned Agreement (collectively, the “Assigned Agreement Accounts”).

3. Limitations on Assignment. Financing Provider acknowledges and confirms that, notwithstanding any provision to the contrary under applicable law or in any Financing Document executed by Seller, Financing Provider shall not assume, sell or otherwise dispose of the Assigned Agreement (whether by foreclosure sale, conveyance in lieu of foreclosure or otherwise) unless, on or before the date of any such assumption, sale or disposition, Financing Provider or any third party, as the case may be, assuming, purchasing or otherwise acquiring the Assigned Agreement (a) cures any and all defaults of Seller under the Assigned Agreement which are capable of being cured and which are not personal to the Seller, (b) executes and delivers to RCEA a written assumption of all of Seller’s rights and obligations under the Assigned Agreement in form and substance reasonably satisfactory to RCEA, (c) otherwise satisfies and complies with all requirements of the Assigned Agreement, (d) provides such tax and enforceability assurance as RCEA may reasonably request, and (e) is a Permitted Transferee (as defined below). Financing Provider further acknowledges that the assignment of the Assigned Agreement and the Assigned Agreement Accounts is for security purposes only and that Financing Provider has no



rights under the Assigned Agreement or the Assigned Agreement Accounts to enforce the provisions of the Assigned Agreement or the Assigned Agreement Accounts unless and until an event of default has occurred and is continuing under the Financing Documents between Seller and Financing Provider (a “Financing Default”), in which case Financing Provider shall be entitled to all of the rights and benefits and subject to all of the obligations which Seller then has or may have under the Assigned Agreement to the same extent and in the same manner as if Financing Provider were an original party to the Assigned Agreement.

“Permitted Transferee” means any person or entity who is reasonably acceptable to RCEA. Financing Provider may from time to time, following the occurrence of a Financing Default, notify RCEA in writing of the identity of a proposed transferee of the Assigned Agreement, which proposed transferee may include Financing Provider, in connection with the enforcement of Financing Provider’s rights under the Financing Documents, and RCEA shall, within thirty (30) business days of its receipt of such written notice, confirm to Financing Provider whether or not such proposed transferee is a “Permitted Transferee” (together with a written statement of the reason(s) for any negative determination) it being understood that if RCEA shall fail to so respond within such thirty (30) business day period such proposed transferee shall be deemed to be a “Permitted Transferee”.

#### 4. Cure Rights.

(a) Notice to Financing Provider by RCEA. RCEA shall, concurrently with the delivery of any notice of an event of default under the Assigned Agreement (each, an “Event of Default”) to Seller (a “Default Notice”), provide a copy of such Default Notice to Financing Provider pursuant to Section 9(a) of this Consent and Agreement. In addition, Seller shall provide a copy of the Default Notice to Financing Provider the next business day after receipt from RCEA, independent of any agreement of RCEA to deliver such Default Notice.

(b) Cure Period Available to Financing Provider Prior to Any Termination by RCEA. Upon the occurrence of an Event of Default, subject to (i) the expiration of the relevant cure periods provided to Seller under the Assigned Agreement, and (ii) Section 4(a) above, RCEA shall not terminate the Assigned Agreement unless it or Seller provides Financing Provider with notice of the Event of Default and affords Financing Provider an Additional Cure Period (as defined below) to cure such Event of Default. For purposes of this Agreement “Additional Cure Period” means (i) with respect to a monetary default, ten (10) days in addition to the cure period (if any) provided to Seller in the Assigned Agreement, and (ii) with respect to a non-monetary default, thirty (30) days in addition to the cure period (if any) provided to Seller in the Assigned Agreement.

(c) Failure by RCEA to Deliver Default Notice. If neither RCEA nor Seller delivers a Default Notice to Financing Provider as provided in Section 4(a), the Financing Provider’s applicable cure period shall begin on the date on which notice of an Event of Default is delivered to Financing Provider by either RCEA or Seller. Except for a delay in the commencement of the cure period for Financing Provider and a delay in RCEA’s ability to terminate the Assigned Agreement (in each case only if both RCEA and Seller fail to deliver notice of an Event of Default to Financing Provider), failure of RCEA to deliver any Default Notice shall not waive RCEA’s right to take any action under the Assigned Agreement and will not subject RCEA to any damages or liability for failure to provide such notice.

(d) Extension for Foreclosure Proceedings. If possession of the Project (as defined in the Assigned Agreement) is necessary for Financing Provider to cure an Event of Default and Financing Provider commences foreclosure proceedings against Seller within thirty (30) days of receiving notice of an Event of Default from RCEA or Seller, whichever is received first, Financing Provider shall be

allowed a reasonable additional period to complete such foreclosure proceedings, such period not to exceed ninety (90) days; provided, however, that Financing Provider shall provide a written notice to RCEA that it intends to commence foreclosure proceedings with respect to Seller within ten (10) business days of receiving a notice of such Event of Default from RCEA or Seller, whichever is received first. In the event Financing Provider succeeds to Seller's interest in the Project as a result of foreclosure proceedings, the Financing Provider or a purchaser or grantee pursuant to such foreclosure shall be subject to the requirements of Section 3 of this Consent and Agreement.

5. Setoffs and Deductions. Each of Seller and Financing Provider agrees that RCEA shall have the right to set off or deduct from payments due to Seller each and every amount due RCEA from Seller whether or not arising out of or in connection with the Assigned Agreement. Financing Provider further agrees that it takes the assignment for security purposes of the Assigned Agreement and the Assigned Agreement Accounts subject to any defenses or causes of action RCEA may have against Seller.

6. No Representation or Warranty. Seller and Financing Provider each recognizes and acknowledges that RCEA makes no representation or warranty, express or implied, that Seller has any right, title, or interest in the Assigned Agreement or as to the priority of the assignment for security purposes of the Assigned Agreement or the Assigned Agreement Accounts. Financing Provider is responsible for satisfying itself as to the existence and extent of Seller's right, title, and interest in the Assigned Agreement, and Financing Provider releases RCEA from any liability resulting from the assignment for security purposes of the Assigned Agreement and the Assigned Agreement Accounts.

7. Amendment to Assigned Agreement. Financing Provider acknowledges and agrees that RCEA may agree with Seller to modify or amend the Assigned Agreement, and that RCEA is not obligated to notify Financing Provider of any such amendment or modification to the Assigned Agreement. Financing Provider hereby releases RCEA from all liability arising out of or in connection with the making of any amendment or modification to the Assigned Agreement.

8. Payments under Assigned Agreement. RCEA shall make all payments due to Seller under the Assigned Agreement from and after the date hereof to [\_\_\_\_], as depositary agent, to ABA No. [\_\_\_\_], Account No. [\_\_\_\_], and Seller hereby irrevocably consents to any and all such payments being made in such manner. Each of Seller, RCEA and Financing Provider agrees that each such payment by RCEA to such depositary agent of amounts due to Seller from RCEA under the Assigned Agreement shall satisfy RCEA's corresponding payment obligation under the Assigned Agreement.

9. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed received (i) at the close of business of the date of receipt, if delivered by hand or by facsimile or other electronic means, or (ii) when signed for by recipient, if sent registered or certified mail, postage prepaid, provided such notice was properly addressed to the appropriate address indicated on the signature page hereof or to such other address as a party may designate by prior written notice to the other parties, at the address set forth below:

If to Financing Provider:	
Name:	
Address:	
Attn:	
Telephone:	
Facsimile:	
Email:	

If to RCEA:	
Name:	
Address:	
Attn:	
Telephone:	
Facsimile:	
Email:	

(b) No Assignment. This Consent and Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of RCEA, and shall be binding on and inure to the benefit of the Financing Provider, the Secured Parties and their respective successors and permitted transferees and assigns under the loan agreement and/or security agreement.

(c) No Modification. This Consent and Agreement is neither a modification of nor an amendment to the Assigned Agreement.

(d) Choice of Law. The parties hereto agree that this Consent and Agreement shall be construed and interpreted in accordance with the laws of the State of California, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

(e) No Waiver. No term, covenant or condition hereof shall be deemed waived and no breach excused unless such waiver or excuse shall be in writing and signed by the party claimed to have so waived or excused.

(f) Counterparts. This Consent and Agreement may be executed in one or more duplicate counterparts, and when executed and delivered by all the parties listed below, shall constitute a single binding agreement.

(g) No Third Party Beneficiaries. There are no third party beneficiaries to this Consent and Agreement.

(h) Severability. The invalidity or unenforceability of any provision of this Consent and Agreement shall not affect the validity or enforceability of any other provision of this Consent and Agreement, which shall remain in full force and effect.

(i) Amendments. This Consent and Agreement may be modified, amended, or rescinded only by writing expressly referring to this Consent and Agreement and signed by all parties hereto.

IN WITNESS WHEREOF, each of RCEA and Financing Provider has duly executed this Consent and Agreement as of the date first written above.

Redwood Coast Energy Authority (RCEA)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[\_\_\_\_\_]   
(Financing Provider), as collateral agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

### **ACKNOWLEDGEMENT**

The undersigned hereby acknowledges the Consent and Agreement set forth above, makes the agreements set forth therein as applicable to Seller, including the obligation of Seller to provide a copy of any Default Notice it receives from RCEA to Financing Provider the next business day after receipt by Seller, and confirms that the Financing Provider identified above and the Secured Parties have provided or are providing financing to the undersigned.

[\_\_\_\_\_] [name of Seller]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **APPENDIX VIII**

### **SELLER DOCUMENTATION CONDITION PRECEDENT**

Seller shall provide to Buyer all of the following documentation prior to the Execution Date:

1. A copy of each of (A) the articles of incorporation, certificate of incorporation, operating agreement or similar applicable organizational document of Seller and (B) the by-laws or other similar document of Seller (collectively, “Charter Documents”) as in effect, or anticipated to be in effect, on the Execution Date.
2. A certificate signed by an authorized officer of Seller (who must be a different person than the officers listed in clause (C) below), dated no earlier than ten (10) Business Days prior to the Execution Date, certifying (A) that attached thereto is a true and complete copy of the Charter Documents of the Seller, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate; (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or other equivalent body) or evidence of all corporate or limited liability company action, as the case may be, of Seller, authorizing the execution, delivery and performance of this Agreement, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, and (C) as to the name, incumbency and specimen signature of each officer of Seller executing this Agreement.
3. A certificate from the jurisdiction of Seller’s incorporation or organization certifying that Seller is duly organized, validly existing and in good standing under the laws of such jurisdiction.
4. Evidence of Site control (e.g. lease with redacted price terms) satisfactory to Buyer.
5. Evidence of CEC Certification and Verification (pre-certification) satisfactory to Buyer.
6. A copy of the most recent financial statements (which may be unaudited) from Seller together with a certificate from the Chief Financial or equivalent officer of Seller, dated no earlier than ten (10) Business Days prior to the Execution Date, to the effect that, to the best of such officer’s knowledge, (A) such financial statements are true, complete and correct in all material respects and (B) there has been no material adverse change in the financial condition, operations, Properties, business or prospects of Seller since the date of such financial statements.
7. An executed Letter of Concurrence substantially in the form specified in Appendix VII.

## **APPENDIX IX**

### **FORM OF ACTUAL AVAILABILITY REPORT**

Pursuant to Section 3.1(l)(i), Seller shall prepare an Actual Availability Report in accordance with the procedures described in this Appendix VI.

- (a) Availability Workbook. Seller shall (i) collect the measurement data, listed in (b) below, in one (1) or more Microsoft Excel Workbooks (the “Availability Workbook”) provided in a form and naming convention approved by Buyer and (ii) electronically send the Availability Workbook to an address provided by Buyer. The Actual Availability Report shall reflect the sum of the Settlement Interval Actual Available Capacity of all generators as measured by such generator’s internal turbine controller.
- (b) Log of Availability. The Availability Workbook shall be created on a single, dedicated Excel worksheet and shall be in the form of Attachment A to this Appendix IX.

## APPENDIX IX

### Attachment A

#### Form of Actual Availability Report

##### Seller's Actual Availability Report

*All amounts are in MWs*

<u>Settlement Interval No.</u>	<u>Date</u>	<u>HE1</u>	<u>HE2</u>	<u>HE3</u>	<u>HE4</u>	<u>HE5</u>	<u>HE6</u>	<u>HE7</u>	<u>HE8</u>	<u>HE9</u>	<u>HE10</u>	<u>HE11</u>	<u>HE12</u>	<u>HE13</u>	<u>HE14</u>	<u>HE15</u>	<u>HE16</u>	<u>HE17</u>	<u>HE18</u>	<u>HE19</u>	<u>HE20</u>	<u>HE21</u>	<u>HE22</u>	<u>HE23</u>	<u>HE24</u>
1	mm/dd/yyyy																								
2	mm/dd/yyyy																								
3	mm/dd/yyyy																								
4	mm/dd/yyyy																								
5	mm/dd/yyyy																								
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6	mm/dd/yyyy																								

Date/Time of Submittal

## APPENDIX X

### TELEMETRY PARAMETERS FOR WIND OR SOLAR FACILITY

Technology Type	Telemetry Parameters	Units
<b>Solar Photovoltaic</b>	Back Panel Temperature	°C
	Global Horizontal Irradiance	W/m <sup>2</sup>
	Plane of Array Irradiance (If PV is fixed)	W/m <sup>2</sup>
	Direct Normal Irradiance (If PV is Tracking)	W/m <sup>2</sup>
	Wind Speed	m/s
	Peak Wind Speed (Within 1 minute)	m/s
	Wind Direction	Degrees
	Ambient Air Temperature	°C
	Dewpoint Air Temperature or Relative Humidity	°C
	Horizontal Visibility	m
	Precipitation (Rain Rate)	mm/hr
	Precipitation (Running 30 day total)	mm
	Barometric Pressure	Millibars or Hecto Pascals (HPa)
<b>Solar Thermal or Solar Trough</b>	Global Horizontal Irradiance	W/m <sup>2</sup>
	Plane of Array Irradiance (If PV is fixed)	W/m <sup>2</sup>
	Direct Normal Irradiance (If PV is Tracking)	W/m <sup>2</sup>
	Wind Speed	m/s
	Peak Wind Speed (Within 1 minute)	m/s
	Wind Direction	Degrees
	Ambient Air Temperature	°C
	Dewpoint Air Temperature or Relative Humidity	°C
	Horizontal Visibility	m
	Precipitation (Rain Rate)	mm/hr
	Precipitation (Running 30 day total)	mm
	Barometric Pressure	Millibars or Hecto Pascals (HPa)
	Individual Tracking Assembly Angle Set Points (Solar Trackers Only)	Degrees
	Actual Tracking Assembly Angles (Solar Trackers Only)	Degrees
<b>Wind</b>	Wind Speed (measured at hub height)	m/s
	Peak Wind Speed (Within 1 minute, measured at hub height)	m/s
	Wind Direction	Degrees
	Wind Speed Standard Deviation	--
	Wind Direction Standard Deviation	--
	Barometric Pressure (measured at hub height)	Millibars or Hecto Pascals (HPa)
	Ambient Temperature (measured at hub height)	°C





## APPENDIX XI

### FORM OF LETTER OF CONCURRENCE

[Date]

[Name]

[Position]

[Company]

[Address]

Re: Letter of Concurrence Regarding Control of [Name] Facility

This letter sets forth the understanding of the degree of control exercised by Redwood Coast Energy Authority (“RCEA”) and [Company Name] with respect to [Facility Name (the “Facility”)] for the purposes of facilitating compliance with the requirements of the Federal Energy Regulatory Commission’s (“Commission”) Order No. 697.<sup>1</sup> Specifically, Order No. 697 requires that sellers filing an application for market-based rates, an updated market power analysis, or a required change in status report with regard to generation specify the party or parties they believe have control of the generation facility and extent to which each party holds control.<sup>2</sup> The Commission further requires that “a seller making such an affirmative statement seek a ‘letter of concurrence’ from other affected parties identifying the degree to which each party controls a facility and submit these letters with its filing.”<sup>3</sup>

RCEA and [Company Name] have executed a [power purchase and sale agreement (the “Agreement”)] with regard to the Facility. The Facility is a [XX] MW [description] facility located in [County, State]. Pursuant to the Agreement, [Company Name] maintains sole control of the Facility. [Company Name] agrees to provide subsequent Letters of Concurrence as may be necessary should any of the information provided herein change after the execution date of this letter.

If you concur with the statements made in this letter, please countersign the letter and send a copy to me.

Best regards,

---

[Author]

[Position]

Redwood Coast Energy Authority

---

<sup>1</sup> *Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities*, Order No. 697 at P 186-187, FERC Stats. & Regs. ¶ 31,252, *clarified*, 121 FERC ¶ 61,260 (2007), *order on reh’g*, Order No. 697-A, FERC Stats. & Regs. ¶ 31,268 (2008), *clarified*, 124 FERC ¶ 61,055 (2008), *order on reh’g*, Order No. 697-B, FERC Stats. & Regs. ¶ 31,285 (2008), *order on reh’g*, Order No. 697-C, FERC Stats. & Regs. ¶ 31,291 (2009), *order on reh’g*, Order No. 697-D, FERC Stats. & Regs. ¶ 31,305 (2010).

<sup>2</sup> Order No. 697 at P 186.

<sup>3</sup> Order No. 697 at P 187.

**Concurring Statement**

On behalf of [Company Name], I am authorized to countersign this letter in concurrence with its content.

By: \_\_\_\_\_

[Name]

[Company Position]

[Company Name]

**APPENDIX XII**  
**PROJECT SPECIFICATIONS AND CONTRACT CAPACITY CALCULATION**

**I. PROJECT SPECIFICATIONS**

“MVA” means megavolt ampere, the unit of apparent power.

“Nameplate Rated Output” means, with respect to an inverter or electric generator, the MVA that the manufacturer of the inverter or generator has designed such equipment to produce under normal operating conditions as specified by such manufacturer.

“Designated Power Factor” means, with respect to an inverter or electric generator, the power factor required to satisfy the portion of the Project’s reactive power requirements that are specified in *[please identify the applicable source, such as the PTO’s Interconnection Handbook, the CAISO’s Phase II Study, or the Generator Interconnection Agreement for the Project]* and are not being satisfied by other sources of reactive power within the Project.

“Nameplate Rated Power” means, with respect to an inverter or electric generator, the multiplication product of the Nameplate Rated Output and the Designated Power Factor for such inverter or generator, in MWs.

The project specifications shall consist of the following eleven (11) items (each item of which shall be a “Project Specification”). As provided in Section 3.1(g), Seller shall not make any change or modification to any Project Specification without Buyer’s prior written consent.

1. Project name:
2. Project Site name:
3. Project physical address:
4. Total number of Units at the Project:
5. Technology Type:
6. Interconnection Point of Project:
7. Service Territory of Project:
8. Substation:
9. Description of Units:
  - a. For each steam turbine, specify the rated conditions (MW rating, steam inlet temperature, steam inlet pressure, condensing temperature, mass flow rate):
  - b. For each electric generator, specify the Nameplate Rated Output, Designated Power Factor and Nameplate Rated Power:
10. Description of Land:

The Site contains the following Assessor Parcel Numbers upon which the Project is located and as identified on the topographical map included in this Appendix XII: [Insert Map]

11. Description of Interconnection Facilities and metering:

The Project will use the following Interconnection Facilities and metering configuration as identified in this one-line diagram included in this Appendix XII:

*[Insert One-Line Diagram for Interconnection Facilities and Metering]*

12. Maps: The Site is identified in the following topographical map:

*[INSERT MAP]*

## **II. CONTRACT CAPACITY CALCULATION**

The Contract Capacity specified in Section B of the Cover Sheet shall be the factor (A) minus each of the factors (B) through (E) provided below:

A	Sum of the Nameplate Rated Power of all inverters/generators	_____ MW
B	Calculated electrical losses from inverter/generator output terminals to Delivery Point (with all inverters/generators operating at Nameplate Rated Outputs)	_____ MW
C	Electrical Losses	_____ MW
D	Auxiliary and station loads coincident with inverters/generators operating at Nameplate Rated Outputs	_____ MW
E	Other factors (explain below)	_____ MW
F	Contract Capacity at the Delivery Point ( $F = A - B - C - D - E$ ), which shall be the same as the MW amount specified for the Contract Capacity in Section B of the Cover Sheet	_____ MW

Inputs for the Nameplate Rated Power calculation:

Designated Power Factor:

	Leading	Lagging
Project power factor requirements	_____	_____
Seller's Designated Power Factor for inverters/generators	_____	_____

Power factor requirement is measured at (check one):

☐ inverter/generator terminals; ☐ Point of Interconnection; ☐ Other: \_\_\_\_\_

## APPENDIX XIII

### SECTION 3.3(e) LIQUIDATED DAMAGES CALCULATION

#### I. Equation and Formulas for Calculating RA Deficiency Amount

As provided in Section 3.3(e)(ii)(B), the formula for calculating the RA Deficiency Amount in a given RA Shortfall Month is:

$$\text{RA Deficiency Amount (\$/Month)} = \text{RA Value (\$/MW/Month)} \times \text{Expected Net Qualifying Capacity (MW)}$$

Where the:

- A. RA Value shall be \$4,010/MW/Month in calendar year 2016 and shall escalate at 2.5% per year for each succeeding calendar year; and
- B. Expected Net Qualifying Capacity for projects that selected Full Capacity Deliverability Status shall be the product of the Contract Capacity and the applicable monthly Qualifying Capacity factor in the table below; or
- C. Expected Net Qualifying Capacity for Projects seeking Partial Capacity Deliverability Status shall be the minimum of (a) the Expected Net Qualifying Capacity values as calculated in Section B above; or, (b) the product of the Contract Capacity and the Partial Capacity Deliverability Status Amount.

**Table XIV-1 Monthly Qualifying Capacity Factor**

Month	Biomass	Geothermal	Solar	Wind
Jan	90%	95%	0.0%	11.3%
Feb	93%	94%	2.4%	17.3%
March	87%	93%	10.4%	18.3%
April	76%	91%	33.2%	31.4%
May	88%	87%	30.5%	30.6%
June	94%	79%	44.8%	47.5%
July	93%	81%	41.7%	29.7%
Aug	94%	83%	41.0%	26.5%
Sept	92%	81%	33.4%	26.5%
Oct	86%	90%	29.4%	8.8%
Nov	88%	94%	4.1%	8.4%
Dec	91%	93%	0.0%	15.2%

#### II. Example of Calculation of the RA Deficiency Amount (for illustrative purposes only) if:

- RA Shortfall Month is June 2019
- Project is a solar system
- Contract Capacity is 20 MW
- RA Start Date is based on the Expected FCDS Date, which is January 1, 2019
- FCDS is achieved on August 14, 2019

**RA Value (\$/MW/Month)** = \$4,010.00, escalated at 2.5% per year for 3 years, from 2016 to 2019

$$\$4,010 \times (1.025)^3 = \$4,318/\text{MW/Month}.$$

**Monthly Qualifying Capacity factor** for a solar project in June is 86.74% (from table above).

**Expected Net Qualifying Capacity** =

$$\text{Contract Capacity (MW)} \times \text{monthly Qualifying Capacity factor} =$$

$$20 \text{ MW} \times 86.74\% = 17.35 \text{ MW}$$

**RA Deficiency Amount (\$/Month)** =

$$\text{RA Value ($/MW/Month)} \times \text{Expected Net Qualifying Capacity (MW)} =$$

$$\$4,318/\text{MW/Month} \times 17.35 \text{ MW} = \$74,917.30$$

In this example, the RA Shortfall Period is from January through October 2019. The calculations above would be performed and the result applied for each month in this RA Shortfall Period.

## Instructions for Completing the Offer Form

These instructions for the Offer Form template consist of the following tabs, each of which need to be completed in full:

1. Participant Information
2. Facility Information
3. Offer Terms
4. Estimated Future Generation
5. Historical Generation

### 1. Participant Information

Please provide complete information for each section (highlighted in yellow), including contact information for two (2) authorized Participant contacts. Please carefully review and complete the Participant Authorization and Attestation section ("PAA"). Completion of the PAA is required by Redwood Coast Energy Authority ("RCEA") to review Participants' offers.

### 2. Facility Information

Table 1 - Generating Facility information related to the core energy production resource included in the Participants' offer. Please complete all sections (highlighted in yellow) that are applicable to your offer. If Offer is for Resource Pnode, please enter the CAISO Resource Pnode on tab - 2. Facility Information, cell E28

### 3. Offer Terms

Please enter the Contract Delivery Term (10, 15, or 20 years) and Generating Facility Deliverability (Energy Only or Full Capacity Deliverability Status). Please enter the Generating Facility name and location in row 5. Enter the expected Contract Year Start Date for your offer in cell D15. This will be interpreted as the Delivery Term start date associated with your offer. Please note that once the Contract Year Start Date is entered, the Contract Year Stop Date column and remaining Contract Year Start Dates will auto-populate. Enter the Offered PPA Contract Price in \$/MWh for either the proposed CAISO Pnode and NP-15. The Offered Contract Price should be an "All-In Price" for Energy + REC + Resource Adequacy on a. If Offer is for Resource Pnode, please enter the CAISO Resource Pnode on tab - 2. Facility Information, cell E28 Complete either the constant PPA Contract Price or the PPA Contract Price with escalation rate. If applicable to Offer, enter the constant escalation rate in either \$/year or %/year. Lastly, please enter the energy deliverability and resource configuration data for the Generating Facility in columns T through V.

### 4. Estimated Future Generation

Please provide an expected generation profile forecast of each month's average-day net output energy production in columns E to AB. The generation profile data should be stated in MW by hour, by If there are any material variations in output among years, please note the cause and underlying assumptions for such variation in the Note tab. Please note that if a Contract Year is different from a calendar year, then data will need to be entered for a partial year, e.g., for a 10 year contract the Contract Year Start Date is 2/01/2021, then by e)

### 5. Historical Generation

If the facility is existing, please provide the average historical output (in MW) from at least the last 5 calendar years that the plant was fully operating. If there are any material variations in output among years, please note the cause and underlying assumptions for such variation in the Notes tab.





## 1. Participant Information and Contact Information

OfferID (for internal use only): \_\_\_\_\_

### Participant Information:

Counterparty/Legal Entity Name:

Street Address:

City:

State

[Choose](#)

Zip Code

Website:

#### Authorized Contact # 1:

First Name:

Last Name:

Title:

Phone 1:

Phone 2:

Email Address:

#### Authorized Contact # 2:

First Name:

Last Name:

Title:

Phone 1:

Phone 2:

Email Address:

### Participant Authorization and Attestation

By selecting "Yes", participant confirms that they are "a duly authorized representative of Participant" AND that you attest, on behalf of Participant, that all information provided in this Offer Form and in response to this 2019 RFP is true and correct to the best of Participant's knowledge as of the date such information is provided.

Electronic Signature

Title

Putting a "Yes" here certifies that typed name acts as your electronic signature



REDWOOD COAST

7.4 - 3 RCEA\_2019\_RPS\_RFP\_OfferForm.xlsx

1/24/2019

## 2. Generating Facility Information

OfferID (for internal use only): \_\_\_\_\_

Table 1

### Generating Facility Information:

Legal Entity Name:			
Street Address:			
City:		State	Choose Zip Code
Latitude:		Longitude:	
Facility Status:			
Type of Site Control:			
Technology Type:			
Technology Type (other):			
Project Labor Agreement:			
Interconnection Application Status:			
CAISO Pnode / Delivery Point:			
CAISO Interconnection Hub:			
Reliability Network Upgrade (RNU) Cost Est:			
Minimum Number of Months to Complete RNU from Interconnect Study:			
Estimated Generator Interconnection Agreement (GIA) Execution Date:			
Deliverability Network Upgrade (DNU) Cost Est:			
Minimum Number of Months to Complete DNU from Interconnect Study:			
CAISO ResourceID (if known):			
CAISO Settlement Resource Pnode (if known):			

Note: Facility must interconnect to the CAISO system.

### Generating Facility Developer Information (Leave blank if development will be done by Participant, or is Existing):

Developer Name:			
Street Address:			
City:		State	Choose Zip Code

### Owners of Generating Facility Entity:

Name	Ownership	Website URL
	100.0%	
	0.0%	
	0.0%	
	0.0%	
	0.0%	
	100.0%	Total must not exceed 100%



### 3. Offer Terms

#### Participant Proposal - Energy Pricing

Generating Facility Name: \_\_\_\_\_

Generating Facility Location: \_\_\_\_\_

OfferID (for internal use only): \_\_\_\_\_

Delivery Term (Contract Years):	11.0 Contract Years
---------------------------------	---------------------

Generating Facility Deliverability:	Partial Capacity Deliverability Status
-------------------------------------	--

Contract Term		
Contract Year No:	Contract Year Start Date (mm/dd/yyyy)	Contract Year Stop Date (mm/dd/yyyy)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		

PPA Contract Price			
Firm-Fixed Contract Price (\$/MWh)	<< Select Energy Settlement Delivery Node >>	Fixed Contract Price with Annual Escalation Factor	
Choose One		Choose One	Factor %
\$ -		\$ -	0.00%
\$ -		\$ -	0.00%
\$ -		\$ -	0.00%
\$ -		\$ -	0.00%
\$ -		\$ -	0.00%
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\$ -		\$ -	0.00%
\$ -		\$ -	0.00%
\$ -		\$ -	0.00%
\$ -		\$ -	0.00%

Generating Facility		
Nameplate Capacity (MW)	Expected Annual Capacity Factor (%)	Contract Quantity: Expected Annual Energy (MWh)

\$ -	<< Full Term Average Contract Price >>	\$ -
------	--	------



REDWOOD COAST  
**EnergyAuthority**

	<p align="center"><b>Generating Facility Estimated Energy Production Profile</b></p> <p>           Generating Facility Name: _____           Generating Facility Location: _____           OfferID (for internal use only): _____         </p>		
--	--	--	--

Year 1		1900																									
Month		0100	0200	0300	0400	0500	0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	2200	2300	2400	Hourly Total	Days/Month
Jan																											31
Feb																											28
Mar																											31
Apr																											30
May																											31
Jun																											30
Jul																											31
Aug																											31
Sep																											30
Oct																											31
Nov																											30
Dec																											31
Monthly total																											

	Year 2 1901																													
Month	0100	0200	0300	0400	0500	0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	2200	2300	2400	Hourly Total	Days/Month				
Jan																														31
Feb																														28
Mar																														31
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Jun																														30
Jul																														31
Aug																														31
Sep																														30
Oct																														31
Nov																														30
Dec																														31
Monthly total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						

<b>Year 3      1902</b>																													
Month	<u>0100</u>	<u>0200</u>	<u>0300</u>	<u>0400</u>	<u>0500</u>	<u>0600</u>	<u>0700</u>	<u>0800</u>	<u>0900</u>	<u>1000</u>	<u>1100</u>	<u>1200</u>	<u>1300</u>	<u>1400</u>	<u>1500</u>	<u>1600</u>	<u>1700</u>	<u>1800</u>	<u>1900</u>	<u>2000</u>	<u>2100</u>	<u>2200</u>	<u>2300</u>	<u>2400</u>	Hourly Total	Days/Month			
Jan																										31			
Feb																										28			
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Sep																										30			
Oct																										31			
Nov																										30			
Dec																										31			
Monthly total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
<b>Year 4      1903</b>																													

[illegible]

Month	0100	0200	0300	0400	0500	0600	0700	0800	0900	1000	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000	2100	2200	2300	2400	Hourly Total	Days/Month
Jan																									Hourly Total	31
Feb																										29
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May																										31
Jun																										30
Jul																										31
Aug																										31
Sep																										30
Oct																										31
Nov																										30
Dec																										31

[illegible]

[illegible]

[illegible]



	<h2 style="text-align: center;">Generating Facility Historical Energy Production Profile</h2>	
Generating Facility Name: _____	Generating Facility Location: _____	OfferID (for internal use only): _____

Please include average output (in MW) from at least the last 5 calendar years that the plant was fully operating. While the spreadsheet default values are 2017, 2016, 2015, 2014, and 2013, responders should update the year(s) if any earlier years are required to fulfill this requirement. Please submit as much historical information as available.

## 2017

[illegible]

2016

[illegible]

2015

[illegible]

2014

[illegible]

2013

[illegible]



186



Oct																										-	31
Nov																										-	30
Dec																										-	31
Monthly Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
2007																											
Month	<u>0100</u>	<u>0200</u>	<u>0300</u>	<u>0400</u>	<u>0500</u>	<u>0600</u>	<u>0700</u>	<u>0800</u>	<u>0900</u>	<u>1000</u>	<u>1100</u>	<u>1200</u>	<u>1300</u>	<u>1400</u>	<u>1500</u>	<u>1600</u>	<u>1700</u>	<u>1800</u>	<u>1900</u>	<u>2000</u>	<u>2100</u>	<u>2200</u>	<u>2300</u>	<u>2400</u>	Hourly Total	Days/Month	
Jan																										-	31
Feb																										-	28
Mar																										-	31
Apr																										-	30
May																										-	31
Jun																										-	30
Jul																										-	31
Aug																										-	31
Sep																										-	30
Oct																										-	31
Nov																										-	30
Dec																										-	31
Monthly Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
2006																											
Month	<u>0100</u>	<u>0200</u>	<u>0300</u>	<u>0400</u>	<u>0500</u>	<u>0600</u>	<u>0700</u>	<u>0800</u>	<u>0900</u>	<u>1000</u>	<u>1100</u>	<u>1200</u>	<u>1300</u>	<u>1400</u>	<u>1500</u>	<u>1600</u>	<u>1700</u>	<u>1800</u>	<u>1900</u>	<u>2000</u>	<u>2100</u>	<u>2200</u>	<u>2300</u>	<u>2400</u>	Hourly Total	Days/Month	
Jan																										-	31
Feb																										-	28
Mar																										-	31
Apr																										-	30
May																										-	31
Jun																										-	30
Jul																										-	31
Aug																										-	31
Sep																										-	30
Oct																										-	31
Nov																										-	30
Dec																										-	31
Monthly Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	
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RCEA 2019 Renewable Portfolio Standard  
Request for Proposals (RFP) Questionnaire  
[final format to be Excel worksheet]

Response Deadline: March 15, 2019, 5 pm PT

Email questions/comments to: [2019\\_RPS\\_RFP\\_Questions@redwoodenergy.org](mailto:2019_RPS_RFP_Questions@redwoodenergy.org)

## Company Information

1. Please describe the ownership structure of the company. Additionally, provide details on the company's finance structure, credit rating, and access to capital. Include the company's most recent audited financial statements, preferably through calendar year 2017 or later.
2. Describe relevant technical experience of key personnel, how long they have been with the company and their backgrounds.
3. Please detail experience developing, financing, building and operating renewable energy projects of a similar size and technology in California, including the county where the project is located and discretionary permitting required, as well as experience with multi-craft Project Labor Agreements (PLAs), if applicable. Please summarize the firm's portfolio of projects in operation, under contract, under construction and in late stage development, highlighting those facilities located in California, and in Humboldt County and the surrounding Preferred Project Area described in the RFP, if applicable. Please also include:
  - Experience contracting with public agencies.
  - A list of references including contact names and telephone numbers for representative renewable energy projects.
  - Employment of workers and utilizing businesses from the local region.

## Resource Information

4. Please provide a high-level description of the facility, its general location, and a summary of its operation. Describe the current land use designations for all project and adjacent parcels/properties, with emphasis on identification of any prime agricultural or timber lands. (See RFP for mapping tools specific to Humboldt County. Project development on existing brownfield or grayfield lands, such as old mill sites is encouraged.) Include any planned project development or maintenance activities that utilize local labor resources, apprenticeship programs, and hiring/training of military veterans.
5. Description of Generating Resource
  - A. For existing projects only: Please provide:
    - i. A to-scale Site Map of the generating resource showing the arrangement of all major components of the facility with the name of the facility, nameplate capacity, longitude and latitude of the centroid of the generating resource clearly labeled, in addition to labeling major cross streets and clearly marking the outer boundary of the facility, all Assessor Parcel Numbers included in and adjacent to the facility;
    - ii. A Single Line Diagram which includes the generating resource's point of interconnection on the electric distribution system; and
    - iii. Documentation that the project is certified by the CEC as an ERR.

B. For new projects only: Using the instructions and format from Appendix III of the standard PPA agreement as a guide, please provide information on the following:

- 1.1 Milestones** – for each milestone identified in the PPA cover sheet, provide expected date of completion, and/or remedial action plan in cases of delay
- 1.2 Governmental Approvals** - information on each of the Governmental Approvals required for the construction of the Project and the status thereof, with written acknowledgment by the relevant land use authority that a permit application for the project has been received.
- 1.3 Financing** - summary of the status and progress of each major financing activity
- 1.4 Property Acquisition** - include the date of execution of significant documents for property acquisition and site control activities for the Project.  
(Documentation demonstrating full site control via ownership, lease or an option to lease is required upon PPA execution. Any site lease shall reflect a term length no less than the delivery term of the PPA.)
- 1.5 Design and Engineering** - status and progress of each major design or engineering activity. Also include the conceptual design of the facility, including site map with APNs and nearest roads/cross streets, nameplate capacity, with a Single Line Diagram showing proposed generating resource's connection to the grid.
- 1.6 Major Equipment procurement** - include information on all major equipment to be procured for all portions of the Project
- 1.7 Construction** - status and progress of each major construction activity for all portions of the Project. Include whether a determination on the requirements for local, state, or federal prevailing wages has been made, and if required, how compliance is maintained
- 1.8 Interconnection** - information on interconnection-related factors that may affect the ability of the Project to deliver Product to the Buyer.  
NOTE: Full execution of an Interconnection Agreement with the utility shall be a condition included in the final Power Purchase Agreement consistent with *Article Three: Obligations and Deliveries*
- 1.9 Startup** -include information on the status of activities related to preparation for Commercial Operation, including equipment testing, commissioning, release to operations, requirements of the grid operator, and any other activities that must be conducted before the Project may deliver Energy to the grid and/or declare Commercial Operation.
- 1.10 ERR status of the project (not part of Appendix III of the PPA)** – provide information on the status of obtaining Eligible Renewable Energy Resource certification by the CEC for the project.

6. RCEA is interested in proposals that address the following market risks:
- Exposure to varied market conditions (e.g., negative market prices, constrained market events caused by ramping, etc.);
  - Uncertainty of intermittent product deliveries; and
  - Potential expansion of CAISO to a regional market.

With these factors in mind, please answer the following questions:

- a. Describe what flexibility the Buyer would have to shape energy deliveries for purposes of bidding into the CAISO day-ahead market.
- b. Characterize the capability of the facility to receive CAISO communications and ability to respond to curtailment instructions from the CAISO for reliability or economic reasons in the real-time market.
- c. Define any operational limitations on economically bidding the resource in the day-ahead and real-time markets and responding to CAISO dispatch instructions.

### **Compliance**

7. Has any company, partner, or subsidiary in this venture, or any corporate officer, been the subject of any civil or regulatory enforcement action, order, decree, or notice of violation of any laws, regulations, or permits? If an answer is "yes," please explain fully including how the issue was resolved.
8. Have any of your company's (including affiliates, subsidiaries, and partnerships) facilities been cited by any regulatory agency (local, state, or federal) for violations of regulations or laws at any time during the past 5 years?

### **Safety**

9. Please provide information detailing the worker safety record for the past five (5) years for the company and its affiliates in California or other State(s) where it operates.

### **Additional Information**

10. Please provide any additional company, contract, market or other information Proposer believes may be useful to RCEA as it investigates the potential for contracting with renewable energy facilities.



## FORM OF OFFICER'S CERTIFICATE AND AFFIDAVIT

I, [name of officer], certify that I am the [designation of officer] of [name of corporate sponsor] ("Proposer"), who signed and is submitting the Proposal on behalf of Proposer and I further certify, on behalf of Proposer, the following:

1. Proposer has reviewed any and all updates and addenda to the RCEA 2019 Renewable Energy Request for Proposals ("RFP") materials distributed to participating bidders via email and posted on the RFP Website located at:  
  
<https://redwoodenergy.org/services/bid-opportunities/>
2. Proposer has had the opportunity to seek independent legal and financial advice of its own choosing with respect to the RCEA 2019 Renewable Energy RFP and Proposer's Proposal submitted to RCEA in response to the RFP ("Proposal");
3. Proposer has obtained all necessary authorizations, approvals and waivers, if any, required by Proposer as a condition of submitting its Proposal;
4. Proposer is submitting its Proposal subject to all applicable laws including, but not limited to, the Federal Power Act and all amendments thereto, and Public Utilities Code sections 383.5, 399.11 et seq., and 454.5;
5. Proposer's proposed Product Price assumes that Proposer will post Delivery Term Security and Performance Assurance equal to the amounts specified in the RCEA 2019 Renewable Energy Power Purchase Agreement ("PPA") attached to the RFP;
6. Proposer has not directly or indirectly colluded, conspired, connived, or agreed with any prospective or potential Proposer or anyone else, in any manner, directly or indirectly, by agreement, communication, or conference, to fix the Proposal price terms or those of any other Proposal.
7. All statements contained in the Proposal are true.
8. Proposer has provided its Proposal in good faith with the intention of reaching agreement with RCEA based on the PPA;
9. Proposer is duly organized and validly existing under the laws of the jurisdiction of its formation, and the execution and delivery of this letter are within Proposer's powers and have been duly authorized by all necessary action;
10. Proposer or its Affiliate has Site Control of the Site, located at [Insert address of the Site], which is the same Site that (i) Proposer described in one or more of its Proposals to and



(ii) the Generating Facility is located on, or will be located on, if RCEA selects Proposer's Proposal in response to the RCEA 2019 Renewable Energy RFP and Proposer and RCEA enter into the PPA;

11. Proposer is the entity that will execute the PPA with RCEA if RCEA selects Proposer in the RFP;
12. Proposer shall promptly notify RCEA in writing of any change in the status of Proposer's Site Control;
13. The Proposal provided by Proposer pertains solely to generation of electricity from a Generating Facility that meets all the criteria set forth in Public Utilities Code Section 399.12, Public Resources Code Section 25741, and the California Energy Commission's "Renewables Portfolio Standard (RPS) Eligibility Guidebook," available at: <http://www.energy.ca.gov/portfolio/index.html>.

**14. ANY BREACH BY PROPOSER OF THE FOREGOING REPRESENTATIONS AND WARRANTIES IS, IN ADDITION TO ANY OTHER REMEDIES THAT MAY BE AVAILABLE TO RCEA UNDER APPLICABLE LAW, GROUNDS FOR IMMEDIATE DISQUALIFICATION OF SUCH PROPOSER, AND, DEPENDING ON THE NATURE OF THE BREACH, MAY ALSO BE GROUNDS FOR TERMINATING THE RCEA 2019 RENEWABLE ENERGY RFP IN ITS ENTIRETY.**

For purposes of this Officer's Certificate, all terms not defined in this Officer's Certificate shall have the meanings ascribed to such terms in the PPA:

"Site Control" means that, with respect to the Site, as identified in Item 10 above, Proposer or its Affiliate (i) owns the Site or is in escrow to purchase the Site, (ii) is the lessee of the Site under a lease agreement, (iii) is the holder of a right-of-way grant or similar instrument with respect to the Site, (iv) is the managing partner or other person or entity authorized to act in all matters relating to the control and operation of the Site, or (v) pursuant to a binding option agreement, has an option to purchase or lease the Site, which option Proposer or its Affiliate will have the right to exercise if RCEA selects Proposer in the RCEA 2019 Renewable Energy RFP, and Proposer and RCEA enter into the Final Agreement.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on [date], at

[city], [state].

*[Signature of Officer]*

*[Name of Officer]*

*[Title]*

Click here to enter text.

Dated: *[date of Officer's Certificate]*

DRAFT

### Notice of Intent to Submit Proposal

Please complete and return this information to indicate your intent to submit a proposal to Redwood Coast Energy Authority in response to RCEA's "2019 Renewable Energy Request for Proposals."

Company name	
Contact person name	
Contact person title	
Phone number	
Email address	
Mailing address line 1	
Mailing address line 2	

Please provide the requested information regarding each offer you intend to submit as part of your proposal. The information provided is non-binding but will help RCEA plan for its proposal evaluation process. Attach additional sheets if needed.

	Technology (wind, solar, hydro)	Capacity (nameplate MW)	Term length (10/15/20 years)	Expected Commercial Operation Date
Offer #1				
Offer #2				
Offer #3				
Offer #4				
Offer #5				

I am the contact person listed above, and this information is an accurate representation of the listed company's intent to bid on RCEA's "2019 Renewable Energy Request for Proposals."

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Once completed, please scan this form, save it as a PDF file, and email it as an attachment to [2019 RPS RFP Questions@redwoodenergy.org](mailto:2019_RPS_RFP_Questions@redwoodenergy.org) with the subject line "2019 RPS RFP Notice of Intent to Bid."

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**STAFF REPORT**  
**Agenda Item # 7.5**

AGENDA DATE:	January 28, 2019
TO:	Board of Directors
PREPARED BY:	Richard Engel, Director of Power Resources Matthew Marshall, Executive Director
SUBJECT:	DG Fairhaven Contract Renewal

**SUMMARY**

RCEA's current 12-month power purchase agreement (PPA) with DG Fairhaven for biomass power is set to expire February 28, 2019. Staff have begun negotiation with DG Fairhaven management and have come to tentative agreement to renew the PPA for an additional 12 months, as provided for in the contract. Proposed terms of the renewal are shown in the attached term sheet.

The downward adjustment in contract price during part of the PPA term reflects the fact that DG Fairhaven management, faced with uncertainty about renewal of the PPA, chose several months ago to sell their resource adequacy (RA) product to another buyer for the period April-December 2019. The Energy Authority (TEA) staff have determined the value of this RA to be approximately \$6/MWh. During March 2019 and January-February 2020, RCEA would procure DG Fairhaven's available RA. In consultation with TEA, staff propose to reduce the amount of the delivery term security DG Fairhaven have posted in the form of a letter of credit. This reduction is consistent with industry standards and commensurate with the adjustment in value of the contract.

**FINANCIAL IMPACTS**

The proposed renewal was negotiated with the intent to be revenue-neutral in its terms compared with the existing PPA with DG Fairhaven. It should be noted however that market prices have been dropping since the revenue-neutral bench mark of approximately \$65/MWh (or \$59/MWh without RA) was calculated to inform negotiations with Humboldt Sawmill Company and DG Fairhaven.

As part of RCEA's ongoing energy risk management strategy 2019 price hedging was fully completed in the fall, and so a fixed-price contract with DG Fairhaven will result in RCEA being over-hedged. It will likely be prudent for RCEA to direct TEA to remarket some or all of the over-hedged energy volume that would result from the DG Fairhaven extension, and remarketing at current market prices (or retaining the excess energy volume and selling it into the CAISO market) is projected to result in a net 2019 loss of \$200-300K at the \$59/MWh price.

The adjustment in delivery term security is not expected to have a direct financial impact on RCEA; the adjusted value is consistent with industry standards for insuring against possible damages under contract terms.

**RECOMMENDED ACTION:**

Authorize the Executive Director to develop and execute, after review and approval by RCEA General Counsel, an amendment based on the attached term sheet to the power purchase agreement with DG Fairhaven Power LLC renewing the agreement for a 12-month period beginning March 1, 2019 along with any associated documents.

**ATTACHMENT**

Proposed DG Fairhaven contract amendment term sheet

## AMENDMENT TERM SHEET

Energy provided under this proposal will be supplied from the proposed DG Fairhaven Power Project located near Samoa, Humboldt County, California (the "Project").

**Seller:** DG Fairhaven Power LLC ("DG Fairhaven")

**Buyer:** Redwood Coast Energy Authority ("RCEA")

**Seller Representative:** Ed Kent

**Technology:** BioMass

**Offer Type:** Power Sales Agreement Amendment. To be Amended based on existing PPA dated 2/12/2018

**Product Type:** baseload unit firm.

**Capacity:** PMax = 16.75 MW

**Energy Price:** \$65.00/MWh for 3/1/2019 – 3/31/2019  
\$59.00/MWh fixed for 4/1/2019 – 12/31/2019  
\$65.00/MWh fixed for 1/1/2020 – 2/28/2020

**Capacity Price:**

**Renewable Attributes:** Included in the Energy Price for all periods

**Damage Payment:** See Section 1.44 of PPA dated 2/12/2018.

**Effective Date:** The Amendment Term shall be effective on 3/1/2019

**Contract Term:** 12 months from the Effective Date.

**Delivery Point:** Generator busbar.

**Environmental Attributes:** RCEA shall own the Environmental Attributes associated with the delivered energy. If as a result of a change in applicable law, the Project ceases to be an ERR, then: (a) RCEA shall remain obligated to purchase energy produced by the Project, up to the Capacity; and (b) DG Fairhaven shall take such actions as may be reasonably requested by RCEA to cause the Project to become or remain an ERR (provided that RCEA will be irrevocably committed to pay all costs in connection therewith and DG Fairhaven shall not be required to take any action that reasonably would be expected to result in a decrease in revenues or an increase in expenses from the Project unless RCEA agrees to bear such costs or decrease in revenues).

**Security:** RCEA need not post collateral. DG Fairhaven shall post Delivery Term Security in an aggregate amount of \$258,420 USD. Such Delivery Term Security may include any or all of the following: cash, letter of credit issued by an investment grade financial institution or a guaranty issued by an investment grade entity.

**Nonbinding:** This Term Sheet is nonbinding, for discussion purposes only and does not create any obligation, duty, or agreement on behalf of DG Fairhaven or RCEA. This proposal does not constitute an offer to enter into a contract.

**Expiration Date:** This Term Sheet expires on March 1, 2019 unless extended to a later date mutually agreed upon between RCEA and DG Fairhaven.



Materials Received  
After Packet  
Publication

**Letter to the RCEA Board regarding Item 7.5 on 1/28/19 Meeting Agenda:**

**From:** Glenn Zane [REDACTED]  
**Sent:** Thursday, January 17, 2019 12:01 PM  
**To:** Matthew Marshall [REDACTED]  
**Cc:** David O'Neill [REDACTED]; Brian Morrison [REDACTED]; Kevin Davis [REDACTED]; Diane O'Neill [REDACTED]  
**Subject:** Contract under which Blue Lake Power will sell power to RCEA

Matthew:

Thank you for the response to my email. I have reviewed it with David and others and BLP makes the following proposal to RCEA.

- 1) BLP will sell power to RCEA under a one year term contract at the rate of \$55 per MWhr. That price will not include payment for the REC's which BLP will retain.
- 2) The power sold will be up to 10.5 MW per hour and RCEA will be obligated to take not less than 7.5 MW in any hour for which power is purchased.
- 3) BLP stands ready to negotiate the formal, detailed terms of an agreement under which it will perform as above.

Please advise if this email will suffice or if you need a formal letter from David to take to your board. I emphasize BLP is fully ready to perform under this arrangement and that the plant will operate in compliance with all permit stipulations.

Best, Glenn

Glenn A. Zane  
Continental Resource Solutions

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[REDACTED]

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