**RENEWABLE ENERGY AND ENERGY STORAGE**

**POWER PURCHASE AGREEMENT**

**between**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**as Buyer**

**and**

**[INSERT NAME OF SELLER]**

**as Seller**

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RENEWABLE ENERGY AND ENERGY STORAGE POWER PURCHASE AGREEMENT

This Renewable Energy and Energy Storage Power Purchase Agreement (“Agreement”) is made and entered into as of this \_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ (“Effective Date”) by SAN DIEGO GAS & ELECTRIC COMPANY, a California corporation (“Buyer”), and [insert name and type of legal entity] (“Seller”). Buyer and Seller are sometimes referred to herein individually as a “Party” and jointly as the “Parties.” All capitalized terms used in this Agreement are used with the meanings ascribed to them in Appendix A to this Agreement.

RECITALS

This Agreement is made with reference to the following facts, among others:

A. Buyer is an investor-owned electric utility serving customers in San Diego and Orange counties.

B. Seller will develop, permit, design, procure, construct, commission, test, own, operate and maintain [insert description of facility] as more particularly described in Appendix 1.2.2 attached hereto (“Project”), consisting of a [insert type: ] (a “Generation Facility”) and [insert number] [insert type: ] (the “Energy Storage System”). The Project shall be constructed on an approximately [insert number] acre parcel of land (the “Site”) located adjacent to [insert name of substation] in [enter city and state]. **[NOTE to Bidders: conforming changes needed if multiple Energy Storage Systems.]**

C. Seller wishes to sell and deliver to Buyer, and Buyer wishes to purchase from Seller, Contract Capacity, Energy (including Bundled Green Energy), Resource Adequacy Benefits, Green Attributes, Ancillary Services, and all other products that may be produced from the Project, under the conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the Parties agree as follows.

1. PURCHASE AND SALE OF PRODUCT
   1. Product

. During the Delivery Period, Seller shall operate the Project and make available, deliver, and sell the Product therefrom to Buyer, and Buyer shall purchase and receive the Product therefrom, when and as the Project is available, subject to the terms and conditions of this Agreement, including the Operating Restrictions set forth in Appendix 1.1. Seller represents and warrants that it will deliver the Product to Buyer free and clear of all liens, security interests, claims and encumbrances. Seller shall not substitute or purchase any Contract Capacity, Capacity Attributes, Delivered Energy (including Bundled Green Energy), Green Attributes, Charging Energy, Ancillary Services or Resource Adequacy Benefits from any other resource or the market for delivery or charging hereunder, nor shall Seller sell, assign or otherwise transfer any Product, or any portion thereof, to any third party other than to Buyer or CAISO pursuant to this Agreement.

* + 1. Capacity

. During the Term, Buyer shall have the exclusive right to (i) the Contract Capacity and Capacity Attributes of the Generation Facility, and (ii) Charging Capacity, Discharging Capacity and Capacity Attributes of the Energy Storage System.

* + - 1. Generation Facility Capacity. The Contract Capacity of the Generation Facility shall be the full generation capacity (in MWAC or MWDC) of the Generation Facility as specified in the Commercial Operation Certificate, which Contract Capacity shall be no greater than the Expected Generation Facility Contract Capacity and no less than [[\_\_\_\_] MWDC].
      2. Energy Storage System Capacity. As of the Effective Date, the Contract Capacity of the Energy Storage System shall equal the Expected Energy Storage Contract Capacity of the Energy Storage System, without adjustment for temperature, pressure, humidity or other adjustment factors. The actual Contract Capacity of the Energy Storage System will be determined upon the completion of the Commercial Operation Test and Contract Capacity Test for the Energy Storage System and each year of the Delivery Period in accordance with the testing procedures of Sections 7.2 and 7.3, as applicable. Such tests will demonstrate the Contract Capacity of the Energy Storage System, which shall be the Contract Capacity for the Energy Storage System from and after such tests; *provided*, that in no event shall the Contract Capacity of the Energy Storage System exceed (i) PMAX for the Energy Storage System (i.e. the Contract Capacity for the Energy Storage System shall be limited to PMAX until such time as Seller gets PMAX increased to the tested Contract Capacity), (ii) the **[NOTE - based on bid: system RA quantity, local RA quantity and flex RA quantity]**, nor (iii) the Energy Storage System’s Expected Energy Storage Contract Capacity as identified in Appendix 1.1.1. Seller agrees that the Energy Storage System is subject to the terms of the Availability Standards.
    1. Energy

. During the Term, Buyer shall have the exclusive right to the Delivered Energy (including Bundled Green Energy) of each Project System.

* + - 1. Bundled Green Energy. The quantity of Bundled Green Energy that Seller expects to be able to deliver to Buyer from the Generation Facility during each Contract Year is **[\_\_\_\_\_]** MWh (“Contract Quantity”). Throughout the Delivery Period, Seller shall be required to deliver Bundled Green Energy to Buyer from the Project (in the aggregate) no less than the Guaranteed Energy Production (as defined below) in any twenty-four (24) consecutive calendar month period during the Delivery Period (“Performance Measurement Period”). “Guaranteed Energy Production” means, for a Performance Measurement Period, an amount of Bundled Green Energy for the Project, as measured in MWh, equal to [\_\_\_\_\_\_\_\_].[[1]](#footnote-2) Seller shall be excused from achieving the Guaranteed Energy Production during any Performance Measurement Period only to the extent of any Force Majeure events, Buyer’s failure to perform, or Dispatch Down Periods. For purposes of determining whether Seller has achieved the Guaranteed Energy Production, Seller shall be deemed to have produced from the Generation Facility an amount of Generation Facility Bundled Green Energy that it could reasonably have delivered to Buyer but was prevented from delivering to Buyer by reason of any Force Majeure events, Buyer’s failure to perform, or Dispatch Down Periods.
         1. GEP Damages. If Seller actually delivers Generation Facility Bundled Green Energy during a Performance Measurement Period in an amount (together with (A) any deemed amounts set forth in the last sentence of Section 1.1.2(a) above during such Performance Measurement Period, and (B) GEP Damages Credited Amounts associated with the immediately-prior Performance Measurement Period) that is less than the Guaranteed Energy Production applicable to such Performance Measurement Period (“GEP Failure Event”), Seller shall be liable to Buyer for GEP Damages associated with such GEP Failure Event, which GEP Damages shall be paid by Seller no later than thirty (30) days following an invoice therefor by Buyer; provided that Buyer may instead elect to offset GEP Damages payable by Seller against future payments to be made to Seller under this Agreement or draw on Delivery Period Security for the payment thereof.
      2. Energy Storage System Energy. Subject to the terms and conditions of this Agreement, Seller commits to make the Energy Storage System available to accept Charging Energy and to deliver any and all Stored Energy to Buyer, and Buyer shall have the exclusive rights to schedule Charging Energy to the Energy Storage System and receive any and all Stored Energy of the Energy Storage System, subject to the Operating Restrictions set forth in Appendix 1.1 and Availability Notices provided in accordance with Section 18.1, including pursuant to a forward schedule or a Supplemental Energy instruction from CAISO. The actual Round-Trip Efficiency Rate of the Energy Storage System will be determined upon the completion of the Commercial Operation Test for the Project and from time to time in accordance with the testing procedures of Section 7.4. Such test will demonstrate the Tested Round-Trip Efficiency Rate of the Energy Storage System applicable from and after the completion of such test.
    1. Ancillary Services

. Buyer shall have the exclusive rights to any and all Ancillary Services Capacity and Associated Ancillary Services Energy associated with the Project with characteristics determined in accordance with the Tariff, in the amounts set forth in the following table(s): **[NOTE TO BIDDERS: Include all bid ancillary services only.]**

|  |  |
| --- | --- |
| Ancillary Service Type | Ancillary Service Amount (MW or MW range, as applicable) |
| Spinning Reserve | Minimum Operating Level (PMIN) to Contract Capacity (PMAX) |
| Non-Spinning Reserve | Minimum Operating Level (PMIN) to Contract Capacity (PMAX) |
| Regulation Up | Up to Contract Capacity (PMAX) x 2 |
| Regulation Down | Up to Contract Capacity (PMAX) x 2 |
| Black Start | **[ ]** |

* + 1. Resource Adequacy Benefits

. Seller shall maintain ownership of and demonstrable exclusive rights to the Project throughout the Term. Subject to the terms and conditions of this Agreement, Seller grants, pledges, assigns and otherwise commits to Buyer the full Contract Capacity and any other Capacity Attributes of the Project for use by Buyer in meeting its resource adequacy obligations under any Resource Adequacy Rulings. The Parties shall cooperate and take commercially reasonable actions (including amending this Agreement, executing such documents or instruments as is reasonably necessary, and complying with all applicable Tariff provisions and applicable decisions of the CPUC and/or any other Governmental Authority that address Resource Adequacy Benefits performance obligations and penalties hereunder) to effect the use of the Resource Adequacy Benefits of the Project for Buyer’s sole benefit through the Delivery Period. Without in any way limiting the foregoing, with respect to Capacity Attributes:

* + - 1. Seller shall, on a timely basis, submit, or cause the Project’s SC to submit (if Buyer is not acting as the Project’s SC), Annual Supply Plans and Monthly Supply Plans in accordance with the Tariff, and any other decisions or orders of the CPUC associated with providing the Capacity Attributes under this Agreement, to identify and confirm the Expected Capacity Attributes provided to Buyer for each Showing Month.
      2. Seller shall or shall cause the Project’s SC to submit (if Buyer is not acting as the Project’s SC) written notification to Buyer, no later than fifteen (15) Business Days before the applicable RA Compliance Showing deadlines for each Showing Month, that Buyer will be credited with the Expected Capacity Attributes for each such Showing Month in the Project’s Supply Plan.
      3. Seller shall (i) execute all other documents or instruments necessary, and provide all information otherwise needed, for the Product to be shown on Supply Plans and RA Compliance Showings and to be used to satisfy RA Compliance Obligations, including providing information with respect to the amount of Flexible Capacity and Inflexible Capacity available to be included in any applicable Supply Plan and RA Compliance Showing and (ii) execute all documents or instruments necessary and provide any information requested by Buyer related to the Project that is required to be provided to the CAISO or CPUC in order for Buyer to comply with Applicable Laws.
      4. At Buyer’s request, the Parties shall execute such documents and instruments, and Seller shall reasonably cooperate and cause the Project’s SC to cooperate with Buyer with respect to any testing or measurements that may be reasonably required to effect recognition and transfer of Capacity Attributes, if any, to Buyer.
      5. The Parties shall use commercially reasonable efforts to cause any Resource ID and the benefitting load serving entity SC identification number to be included in all applicable Supply Plans and to communicate changes in such information to each other promptly throughout the Delivery Period.
    1. Change in Electric Market Design.
       1. If a Change in Tariff renders this Agreement or any terms herein incapable of being performed or administered, then either Party, on Notice, may request the other Party to enter into negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed and administered, while attempting to preserve to the maximum extent possible the benefits, burdens and obligations set forth in this Agreement as of the Effective Date.
       2. Upon receipt of a Notice requesting negotiations, the Parties shall negotiate in good faith.
       3. If the Parties are unable, within sixty (60) days after the sending of the Notice requesting negotiations, either to agree upon changes to this Agreement or to resolve issues relating to changes to this Agreement, then either Party may submit issues pertaining to changes to this Agreement to the dispute resolutions procedures provided in Article 22.
       4. A change in cost will not in itself be deemed to render this Agreement or any terms therein incapable of being performed or administered, or constitute, or form the basis of, a Force Majeure.
    2. Green Attributes

. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Generation Facility to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Generation Facility, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Generation Facility.

* + - 1. WREGIS. Prior to the initial delivery of Energy to Buyer, Seller shall register the Project in WREGIS, execute a CAISO Qualified Reporting Entity Service Agreement to allow CAISO, on the Seller’s behalf, to upload generation information directly into WREGIS, and take all other actions necessary to ensure that the Green Attributes produced from the Project in an amount equal to the amount of Delivered Energy are issued and tracked for all regulatory reporting purposes, including (but not limited to) compliance with the requirements of the California Renewable Portfolio Standard and transferred to Buyer, including payment of all fees required to register the facility in WREGIS, issue WREGIS certificates, and transfer such certificates to Buyer. Within seventy-five (75) days after the initial delivery of energy to Buyer, Seller shall provide to Buyer written approval from WREGIS for Seller’s generation to be reported to WREGIS. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in WREGIS will be taken prior to the first delivery under the Agreement.
    1. Exclusive Rights. Buyer shall have exclusive rights to the Product and all benefits derived therefrom, including the exclusive right to use, market or sell the Product and the right to all revenues generated from the use, resale or remarketing of the Product.
    2. Multiple-Use Application Compliance. The Parties agree that Applicable Laws includes the CPUC’s Decision on Multiple-Use Application Issues, Decision No. 18-01-003 and the rules adopted thereto. In compliance with that decision, Seller acknowledges and represents and warrants that it has not sold, and will not sell during the Delivery Period except as otherwise required by Applicable Laws, any of the Capacity of the Project or any Product from the Project to any other buyer, except as otherwise permitted in this Agreement.
  1. Project.
     1. Product; Capacity

. 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, without Buyer’s prior written consent, which results in (a) a change to the Contract Capacity of the Generation Facility that exceeds the Expected Generation Facility Contract Capacity, (b) a change to the Contract Capacity of the Energy Storage System that exceeds the Expected Energy Storage System Contract Capacity; or (c) any other material changes to the Project without Buyer’s prior written consent, which may be provided in Buyer’s sole and absolute discretion. For the avoidance of doubt, any of the following shall be subject to Buyer’s consent: (a) any increase in the nameplate capacity (in kWDC) of the Generation Facility above the maximum amount specified therefor in Appendix 1.2.1, (b) any change in the physical location of the site for the Project specified therefor in Appendix 1.2.1, (c) any change in the technology type of the Generation Facility specified therefor in Appendix 1.2.1, or (d) any change in the technology type of the Energy Storage Facility specified therefor in Appendix 1.2.1.

* + 1. Delivery of Energy

. Delivered Energy from the Project shall be delivered to the Energy Delivery Point at a nominal voltage of [\_\_\_\_\_] volts line-to-line.

* + 1. Generation Facility

### . The Generation Facility will consist of [insert description of storage system] and additional equipment, as described on Appendix 1.2.1 attached hereto. Any changes to the Project that causes the Generation Facility to be materially different from the description of the Generation Facility as described in Appendix 1.2.1, including any changes that result in the Contract Capacity of the Generation Facility to exceed the Expected Generation Facility Contract Capacity, shall require Buyer’s written consent in an amendment to be exercised in Buyer’s sole discretion.

* + 1. Energy Storage Systems

. The Energy Storage System will consist of [insert description of storage system] and additional equipment, as described on Appendix 1.2.2 attached hereto. The Stored Energy Measuring Device for the Energy Storage System shall be capable of measuring the instantaneous amount of Stored Energy (in increments of no larger than kilowatt-hours (kWhDC)), Maximum Energy Capacity (in kWhDC) and State of Energy (as a %), utilizing a reasonably accurate methodology consistent with applicable Industry Standards, and providing such amount of Stored Energy, Maximum Energy Capacity and State of Energy on a real-time basis to Buyer. Any changes to Appendix 1.2.2, including any changes that result in the Contract Capacity of the Energy Storage System to exceed the Expected Energy Storage System Contract Capacity, shall require Buyer’s written consent in an amendment to be exercised in Buyer’s sole discretion.

* + 1. Station Use

. The Project may serve Station Use to the extent the Project is designed in a manner which allows or requires it to do so, and all Product stored or delivered hereunder will be net of Station Use.

* + 1. Charging Energy

. During the Delivery Period, Charging Energy for the Energy Storage System may be provided by the Generation Facility or from the CAISO Grid, at Buyer’s election.

* 1. Delivery Points.
     1. Energy Delivery Point

. The Energy Delivery Point shall be the PNode at the Project’s first point of interface with the CAISO Grid (as described and set forth in the single-line diagram of grid interconnection attached hereto as Appendix 1.3.1). Seller retains title and bears risk of loss related to Delivered Energy up to the Energy Delivery Point, and Buyer shall take title and bear risk of loss related to Delivered Energy at and from the Energy Delivery Point. Buyer retains title and bears risk of loss related to Charging Energy up to the Energy Delivery Point, and Seller shall take title and bear risk of loss related to Charging Energy at and from the Energy Delivery Point. Notwithstanding the above, Seller acknowledges and agrees that any other agreement between it and Buyer, including any interconnection agreement, is separate and apart from this Agreement such that no other agreement shall modify or add to the Parties’ obligations under this Agreement.

* + 1. Electric Retail Delivery Point

. Without limiting the provisions of Section 1.2.3, the Electric Retail Delivery Point is the point at the which the Project receives retail electricity from the Retail Electricity Provider for Station Use. Prior to the Project receiving retail electricity from the Retail Electricity Provider for Station Use, Seller shall provide Buyer a true and accurate description and depiction of such Electric Retail Delivery Point, and such description and depiction shall be attached hereto as Appendix 1.3.2.

1. TERM; CONDITIONS PRECEDENT; DELIVERY PERIOD
   1. Term

. The “Term” of this Agreement shall commence upon the Effective Date and shall continue, unless terminated earlier in accordance with the terms of this Agreement, until the expiration of the Delivery Period.

* 1. Effectiveness of Agreement Prior to CP Satisfaction Date.

Commencing on the Effective Date until the CP Satisfaction Date, this Agreement shall be in full force and effect, enforceable and binding only to the extent required to give full effect to, and enforce, the rights and obligations of the Parties under this Section 2, including, as it relates to Section 2, the rights and obligations under Sections 3, 5, 6, 10, 11, 12, 13, 18, 19, 20, 21, 22, 23, 24 and 25, Appendix A and the other appendices referenced in the foregoing Sections.

* 1. Obligations of the Parties.

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

* + 1. Seller’s Obligations

. Prior to the CP Satisfaction Date, Seller shall (i) use commercially reasonable efforts to pursue satisfaction of the Conditions Precedent set forth in Sections 2.4.2 and [insert others], (ii) use commercially reasonable efforts to pursue development of the Project in accordance with Sections 5 and 6, (iii) comply with Section 6 in achieving the applicable milestones in the Milestone Schedule that have due dates occurring prior to the CP Satisfaction Date, (iv) deliver the Monthly Progress Report in accordance with Section 6, and (v) otherwise comply with its obligations, covenants, representations, and warranties under Sections 3, 5, 6, 10, 11, 12, 13, 18, 19, 20, 21, 22, 23, 24 and 25. Upon an Event of Default of Seller prior to the CP Satisfaction Date, Buyer may terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the full amount of the Pre-Construction Security. Buyer shall be entitled to recover such liquidated damages owed by Seller from the Pre-Construction Security held by Buyer if Seller has not paid such liquidated damages within five (5) Business Days following receipt of Notice of such Event of Default from Buyer. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to an Event of Default of Seller prior to the CP Satisfaction Date would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior to the CP Satisfaction Date.

* + 1. Buyer’s Obligations

. Prior to the CP Satisfaction Date, Buyer shall (i) use commercially reasonable efforts to pursue satisfaction of the Conditions Precedent set forth in Section 2.4.1, and (ii) otherwise comply with its obligations, covenants, representations, and warranties under Sections 3, 5, 6, 10, 11, 12, 13, 18, 19, 20, 21, 22, 23, 24 and 25. Upon an Event of Default of Buyer prior to the CP Satisfaction Date, Seller may exercise remedies in accordance with Section 3.3.

* 1. Conditions Precedent.

Subject to Section 2.2, the effectiveness of the remainder of this Agreement is conditioned upon the satisfaction (or waiver by the Party described in Section 2.5) of all of the following conditions precedent (“Conditions Precedent”) by the deadline dates set forth below for each Condition Precedent without extension for Force Majeure or any other reason:

* + 1. CPUC Approval

. No later than [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_], Buyer shall have obtained CPUC Approval. Prior to this deadline, should the CPUC issue an order approving this Agreement with conditions or modifications that materially alter the commercial aspects of this Agreement, the Parties agree to use good faith efforts to renegotiate this Agreement and file the amended agreement with the CPUC seeking approval thereof. If, within sixty (60) days, no agreement is reached, either Party may terminate this Agreement upon delivery of Notice to the other Party.

* + 1. Electrical Interconnection

. No later than [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_], Seller shall have entered into a [Large/Small] Generator Interconnection Agreement providing for the construction of Interconnection Facilities necessary to maintain the “Full Capacity Deliverability Status” (as defined in the Tariff) of the Project and setting forth:

* + - 1. an estimated in-service interconnection date for the “Participating TO’s Interconnection Facilities,” the “Network Upgrades,” and the “Distribution Upgrades” (as each term is defined in the Tariff) of no later than [\_\_\_\_\_\_\_\_\_\_] months after Seller provides the Participating Transmission Owner with the appropriate security and written authorization to proceed under its [Large/Small] Generator Interconnection Agreement for the Project; and
      2. a refundable cost for “Network Upgrades” (as defined in the Tariff) that Seller would be obligated to pay and would be entitled to reimbursement from the CAISO, a Participating Transmission Owner, or any other affected transmission provider thereunder.
    1. [INSERT OTHERS]
  1. Failure to Meet All Conditions Precedent.
     1. Beneficiary Party.
        1. Both of the Parties are the beneficiaries of the Conditions Precedent set forth in Section 2.4.2, and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, both of the Parties must waive (exercisable in their sole discretion) non-satisfaction by the deadline date therefor.
        2. Buyer shall be the sole beneficiary of the Conditions Precedent set forth in Section 2.4.1, and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, Buyer alone must waive (exercisable in its sole discretion) non-satisfaction by the deadline date therefor.
        3. ***[If Applicable:*** Seller shall be the sole beneficiary of the Conditions Precedents set forth in Section 2.4.3, and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, Seller alone must waive (exercisable in its sole discretion) non-satisfaction by the deadline date therefor.***]***
     2. Termination

. If the Condition Precedent set forth in Section 2.4.1 is not satisfied or waived in writing by Buyer on or before the deadline date therefor, without extension for Force Majeure or any other reason, then this Agreement shall automatically terminate (with no additional actions required by either Party to effect such termination) with no further obligation to either Party (other than as set forth in Section 2.5.2(b) below and any other payment obligations which have accrued and are payable at the time of termination). If any of the Conditions Precedent is not satisfied or waived in writing by the beneficiary Party or Parties thereto on or before the applicable deadline date therefor, without extension for Force Majeure or any other reason, then either of the Parties may terminate this Agreement with no further obligation to either Party (other than as set forth in Sections 2.5.2(a) below and any other payment obligations which are accrued and payable at the time of termination) by delivery of Notice to the other Party within fifteen days after the applicable deadline date. If a Party has the right to terminate this Agreement pursuant to this Section 2.5.2, but fails to deliver Notice of termination within each fifteen day period after each deadline date, then such Party’s termination right per this Section 2.5.2 for such deadline date shall be deemed waived in its entirety.

* + - 1. Upon a termination of this Agreement by either Party for any reason under Section 2.5 other than the failure of the Conditions Precedent set forth in Section 2.4.1 to be satisfied or waived by Buyer, Seller shall pay to Buyer an amount equal to the full amount of the Pre-Construction Security. Buyer may retain and draw upon the Pre-Construction Security to pay such amount.
      2. Upon a termination of this Agreement by either Party as a result of the failure of the Conditions Precedent set forth in Section 2.4.1 to be satisfied or waived by Buyer, Buyer shall return to Seller the undrawn portion of Pre-Construction Security.
  1. Effectiveness of Agreement on and after CP Satisfaction Date.

This Agreement shall be in full force and effect, enforceable and binding in all respects as of the CP Satisfaction Date until the conclusion of the Delivery Period or earlier termination pursuant to the terms of this Agreement; *provided* however, that upon the conclusion of the Delivery Period or upon earlier termination this Agreement shall remain in effect until (i) the Parties have fulfilled all obligations under this Agreement, including payment in full of amounts due for the Product delivered prior to the end of the Delivery Period, the Termination Payment, indemnification payments or other damages, as applicable (whether directly or indirectly such as through set-off or netting) and (ii) the undrawn portion of the Pre-Construction Security, Construction Period Security, or Delivery Period Security, as applicable, is released and/or returned as applicable to Seller (if any is due).

* 1. Guaranteed Initial Delivery Date.

Subject to Section 2.10.2, Seller shall achieve the Initial Delivery Date (as defined in Section 2.8 below) by [insert date] (“Guaranteed Initial Delivery Date”). **[NOTE to Bidders: for existing facilities, there will be a fixed start date and all facility construction related terms shall be removed.]**

* 1. Delivery Period.

The “Delivery Period” shall be the period during which the Product is available to Buyer, and will commence at 12:01 a.m. PPT on the Initial Delivery Date, and shall continue until midnight on the date that is the last day of the month in which the [(\_\_\_\_\_) (\_\_)] anniversary of the Initial Delivery Date occurs. The “Initial Delivery Date” shall be the first day of the first month after which all the following conditions have been satisfied:

* + - 1. Seller has completed, to Buyer’s satisfaction, Seller’s obligations set forth in Articles 5, 6, and 7 in order to bring the Project into full operation as contemplated by this Agreement
      2. The Project has achieved Commercial Operation;
      3. Seller has received its market based rate authority from FERC to sell Product to Buyer under the terms of this Agreement, and has received all other approvals and authorizations required for Seller to perform its obligations under this Agreement;
      4. Seller has executed the Participating Generator Agreement, Meter Service Agreement, any contract for the provision of electric retail service (if required for the operation of the Project), and any other forms or agreements required by the CAISO or any Participating Transmission Owners with respect to the Project (and delivered true and complete copies of all such forms and agreements to Buyer);
      5. The Parties have taken all actions, including executing all documents and instruments, required to authorize Buyer to act as Scheduling Coordinator;
      6. Seller has entered into and complied with all obligations under all interconnection agreements, including the [Large/Small] Generator Interconnection Agreement, required to enable parallel operation of the Project with the Participating Transmission Owner’s electric system and CAISO Grid;
      7. Seller has taken all actions necessary to ensure that the Project is fully deliverable, as determined by the CAISO, for Resource Adequacy Benefits, including establishing the Net Qualifying Capacity of the Project and completing CAISO Certification, and Seller has delivered to Buyer a certification or other documentation from the CAISO that evidences that the Project is fully deliverable for the purposes of providing all such Resource Adequacy Benefits to Buyer;
      8. Seller has delivered to Buyer evidence reasonably satisfactory to Buyer confirming its compliance with the requirements of Article 4;
      9. Seller has provided Buyer Notice at least [x] days before the Initial Delivery Date;
      10. Seller has delivered to Buyer the required Delivery Period Security and related documents and instruments as set forth in Article 11; and
      11. The Priority Security Interest required under Section 11.4 shall continue to be perfected and in full force and effect.

The Parties agree that, in order for Buyer to dispatch the Project on the Initial Delivery Date, the Parties may have to perform certain of their Delivery Period obligations in advance of the Initial Delivery Date, including, without limitation, Seller’s delivering Availability Notices for the Initial Delivery Date as provided Section 15.1, and Buyer’s delivering Dispatch Notices and submitting schedules for the Initial Delivery Date as provided in Article 15, in advance of the Initial Delivery Date. The Parties shall cooperate with each other in order for Buyer to be able to dispatch the Project on the Initial Delivery Date.

* 1. Early Initial Delivery Date.

If Seller satisfies the conditions precedent set forth in Section 2.8 for the Initial Delivery Date prior to the applicable Guaranteed Initial Delivery Date, then such earlier date shall be the Initial Delivery Date under this Agreement; *provided*, however, in no event shall the Initial Delivery Date occur any earlier than [\_\_\_\_\_] without Buyer’s prior written consent.

* 1. Delayed Initial Delivery Date.
     1. Daily Delay Damages
     2. . If Seller has not satisfied the conditions precedent set forth in Section 2.8 for the Initial Delivery Date of the Project by the Guaranteed Initial Delivery Date, Seller shall owe to Buyer the applicable Daily Delay Damages for each day of delay, up to a maximum of the lesser of (a) one hundred twenty (120) calendar days less the number of days of extensions of the Guaranteed Initial Delivery Date due to Force Majeure, or (b) one-hundred (100) calendar days (the “Cure Period”). Buyer shall be entitled to recover the Daily Delay Damages owed by Seller from the Construction Period Security held by Buyer. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to a delay in achieving the Initial Delivery Date on or before the Guaranteed Initial Delivery Date would be difficult or impossible to predict with certainty, (b) the Daily Delay Damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the Daily Delay Damages set forth in this section are the exclusive remedy for Seller’s delay in achieving the Initial Delivery Date on or before the Guaranteed Initial Delivery Date but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve the Initial Delivery Date by the end of the Cure Period following the Guaranteed Initial Delivery Date as set forth in Section 3.2(l).
     3. Excused Delays

. For all purposes under this Agreement, the Guaranteed Initial Delivery Date and the deadline to achieve each milestone listed on the Milestone Schedule will be extended on a day for day basis without imposition of any Daily Delay Damages to the extent that Seller is delayed in achieving any such milestone or achieving the Initial Delivery Date by the Guaranteed Initial Delivery Date due to any of the following events:

Force Majeure, provided that all extensions of any deadline listed on the Milestone Schedule or the Guaranteed Initial Delivery Date for the Project due to Force Majeure shall not exceed ninety (90) calendar days in the aggregate (“Maximum Force Majeure Delay”) and any delay by Seller in excess of the Maximum Force Majeure Delay shall be subject to Daily Delay Damages in accordance with Section 2.10.1.

* 1. CAISO Ancillary Services Certification. Seller shall take all necessary steps within its control to enable CAISO Ancillary Services Certification to occur within thirty (30) days after the Initial Delivery Date. If the CAISO Ancillary Services Certification has not occurred within thirty (30) days after the Initial Delivery Date, Seller shall owe liquidated damages to Buyer of $15,000 per day of delay, provided that such thirty (30)-day deadline shall be extended on a day-for-day basis for reasons of Force Majeure or other events or circumstances outside of Seller’s reasonable control. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to a delay in CAISO Ancillary Services Certification would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for Seller’s delay in the CAISO Ancillary Services Certification on or before the deadline therefor.

1. EVENTS OF DEFAULT; REMEDIES; TERMINATION
   1. Events of Default.

An “Event of Default” shall mean, with respect to either Party (a “Defaulting Party”), the occurrence of any of the following:

* + - 1. The failure to make, when due, any payment in a material amount required under this Agreement if such failure is not remedied within three (3) Business Days after receipt of Notice;
      2. Any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such failure is not cured within ten (10) days after receipt of Notice;
      3. 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 ten (10) days of receipt of Notice, or such longer period not to exceed sixty (60) days if the failure is not capable of being cured within such ten (10) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial ten (10) day period and such additional cure period could not reasonably be expected have a material adverse impact upon the non-Defaulting Party;
      4. Such Party becomes Bankrupt; or
      5. Such Party assigns this Agreement or any of its rights hereunder other than in compliance with Section 25.5; or
      6. Such Party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all 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 of 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.
  1. Seller Events of Default.

An “Event of Default” shall mean, with respect to Seller as the “Defaulting Party”, the occurrence of any of the following:

* + - 1. Seller fails to comply with any of its covenants under Section 19.5;
      2. Seller consolidates or amalgamates with, or merges with or into, or transfers all or substantially all 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 Seller under this Agreement by operation of Law or pursuant to an agreement reasonably satisfactory to Buyer;
      3. Seller fails to comply with its obligations under Article 11, including without limitation failing to post or maintain the applicable Performance Assurance, within three (3) Business Days of receipt of Notice of such failure;
      4. Seller makes any material misrepresentation or omission in any report, including status and metering report, or any Milestone Schedule or Availability Notice (including without limitation the log, records and reports required under Sections 8.1.2, 8.1.3, 8.1.4, 17.1, and Appendices 6.1(a) and (b), and Article 15) required to be made or furnished by Seller pursuant to this Agreement;
      5. Seller fails to deliver or sell the Product from a Generation Facility for a period or a series of periods that is cumulatively longer than thirty (30) days, except to the extent such failure is due to one of the following:
         1. The Generation Facility is unavailable as a result of a Forced Outage that is not the result of Seller’s negligence or willful misconduct;
         2. Force Majeure;
         3. Buyer’s failure to perform;
         4. The Generation Facility is unavailable as a result of a Scheduled Outage;
         5. A reduction in output as ordered under Dispatch Down Periods; or
         6. Insufficient solar power for such Generating Facilities to generate energy;
      6. Seller sells, assigns, or otherwise transfers, or commits to sell, assign, or otherwise transfer, for delivery during the Delivery Period, the Product, or any portion thereof, to any party other than Buyer or pursuant to CAISO instruction;
      7. Seller delivers or attempts to deliver to the Energy Delivery Point for sale under this Agreement Energy from the CAISO Grid (other than, for the avoidance of doubt, any such Energy that was utilized as Charging Energy);
      8. Seller fails to achieve the Guaranteed Energy Production during any Performance Measurement Period;
      9. During the Delivery Period, the Equivalent Availability Factor for the Energy Storage Facility is below 0.90 on average for a rolling period of twelve (12) consecutive months;
      10. During the Delivery Period, the Contract Capacity the Energy Storage System falls below seventy percent (70%) of the Expected Energy Storage Contract Capacity on average for a rolling period of twelve (12) consecutive months;
      11. During the Delivery Period, the Round-Trip Efficiency Rate Factor of the Energy Storage System is below 0.90 for more than six (6) months during any rolling period of twelve (12) consecutive months (for the avoidance of doubt, such six (6) months need not be continuous);
      12. Seller fails to achieve the Initial Delivery Date for the Project within the Cure Period following the Guaranteed Initial Delivery Date, as extended under Section 2.10.2;
      13. The ownership interest in Seller is pledged or assigned or caused or permitted to be pledged or assigned as collateral to any party other than pursuant to a Permitted Lien or in accordance with Section 12.1 or Section 25.5;
      14. Seller fails to remediate any deficiency in internal controls over financial reporting in accordance with Section 21.2;
      15. Seller defaults under any Security Document in any material respect and such default is not cured within the applicable cure period, if any, set forth in the Security Document, or Seller repudiates, disaffirms, disclaims or rejects, in whole or in part, or challenges the validity of, any Security Document;
      16. With respect to Guarantor, if there is one:
          1. Any representation or warranty made by Guarantor in the Guaranty Agreement is false or misleading in any material respect when made or when deemed made or repeated, and such failure shall not be cured within 10 days after receipt of Notice;
          2. The failure of Guarantor to make, when due, any payment required or to perform any other material covenant or obligation in the Guaranty Agreement, if such failure is not remedied within one (1) Business Day (in the case of a failure to pay) and three (3) Business Days (in all other cases) after receipt of Notice;
          3. Guarantor becomes Bankrupt;
          4. The failure by Guarantor to maintain a Credit Rating of at least “BBB-” by S&P or “Baa3” by Moody’s and a tangible net worth of at least One Billion Dollars ($1,000,000,000);
          5. The Guaranty Agreement fails to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the indefeasible satisfaction of all of Seller’s obligations hereunder to which such Guaranty Agreement relates; or
          6. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of, its Guaranty Agreement; or
      17. with respect to any outstanding Letter of Credit provided for the benefit of Buyer that is not then required under this Agreement to be canceled or returned, the failure by Seller to provide for the benefit of Buyer either (1) cash, or (2) a substitute Letter of Credit from a different issuer meeting the criteria set forth in the definition of Letter of Credit, in each case, in the amount required hereunder within five (5) Business Days after Seller receives Notice of the occurrence of any of the following events:
          1. the issuer of the outstanding Letter of Credit shall fail to maintain a Credit Rating of at least “A-” by S&P or “A3” by Moody’s;
          2. the issuer of the outstanding Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit and such failure shall be continuing after the lapse of any applicable grace period permitted under such Letter of Credit;
          3. the issuer of the outstanding Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit;
          4. such Letter of Credit fails or ceases to be in full force and effect at any time;
          5. the issuer of such Letter of Credit becomes Bankrupt; or
          6. the issuer of the outstanding Letter of Credit shall fail to honor a properly documented request to draw on such Letter of Credit.
  1. Remedies.

If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the “Non-Defaulting Party”) shall have the right to (a) terminate this Agreement by providing Notice of such termination to the Defaulting Party, which termination shall be effective on a day no later than twenty (20) days after such Notice is effective (“Early Termination Date”), and the Defaulting Party shall pay the Non-Defaulting Party a Termination Payment as set forth below, (b) require immediate payment of all amounts owed but not yet paid by the Defaulting Party under this Agreement, (c) withhold any payments due to the Defaulting Party under this Agreement, (d) suspend performance, and (e) pursue any other remedies available at law or in equity, including where appropriate, specific performance or injunctive relief, except to the extent such remedies are expressly limited under this Agreement. If the Non-Defaulting Party elects to terminate this Agreement under clause (a) of this Section 3.3, then the sole and exclusive remedy available to the Non-Defaulting Party shall be the Termination Payment as set forth below.

* 1. Calculation of Termination Payment.

The Non-Defaulting Party shall calculate, in a commercially reasonable manner, the amounts owing between the Parties under this Agreement as of the Early Termination Date (the “Termination Payment”) in accordance with this Section. The Non-Defaulting Party shall calculate its Costs, and its Gains or Losses with respect to the Product from the Project in a commercially reasonable manner by reference to information supplied to it by one or more third parties including, without limitation, index prices, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information, provided that such third parties shall not be Affiliates of either Party. Without prejudice to the Non-Defaulting Party’s duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to calculate its Gains and Losses. The Termination Payment shall equal the Settlement Amount plus any or all other amounts due to the Non-Defaulting Party (less amounts due to the Defaulting Party) netted into a single amount. If the Non-Defaulting Party’s aggregate Gains exceeds its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the net Settlement Amount shall be zero (0). Each Party agrees and acknowledges that (a) the actual damages that the Non-Defaulting Party would incur in connection with a termination of this Agreement under Section 3.3(a) would be difficult or impossible to predict with certainty, (b) the Termination Payment described in this section is a reasonable and appropriate approximation of such damages, and (c) the Termination Payment described in this section is the exclusive remedy of the Non-Defaulting Party in connection with such termination but shall not otherwise act to limit any of the Non-Defaulting Party’s rights or remedies if the Non-Defaulting Party does not elect to terminate this Agreement as its remedy for an Event of Default by the Defaulting Party.

* 1. Notice of Payment of Termination Payment.

As soon as practicable, but in no event later than fifteen (15) Business Days following the Early Termination Date, the Non-Defaulting Party shall give the Defaulting Party Notice of the amount of the aggregate Termination Payment, if any. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount. The aggregate Termination Payment, if any, shall be made by the Defaulting Party to the Non-Defaulting Party within two (2) Business Days after receipt of such Notice.

* 1. Disputes Regarding Termination Payment.

If the Defaulting Party disputes the Non-Defaulting Party’s calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of the Non-Defaulting Party’s calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute.

* 1. Suspension of Performance.

Further to Section 3.3(d), if an Event of Default occurs and shall be continuing, the Non-Defaulting Party shall have the right to suspend performance under this Agreement upon Notice to the Defaulting Party. At any time prior to or after the receipt of such Notice by the Defaulting Party, the Non-Defaulting Party may exercise any remedies available to it at law or in equity, including without limitation the right to seek damages or injunctive relief to prevent irreparable injury to the Non-Defaulting Party.

* 1. Bankruptcy Without Early Termination.

In the event that Guarantor becomes Bankrupt, but Buyer does not declare an Early Termination Date, the bankruptcy shall not extinguish the Parties’ obligations under this Agreement.

* 1. Effect of Termination.

Termination of this Agreement shall not operate to discharge any liability which has been incurred by either Party prior to the effective date of such termination.

1. INSURANCE
   1. Required Insurance.

From the CP Satisfaction Date and thereafter throughout the Term, Seller shall, at its own expense, maintain in force throughout the remaining Term of this Agreement and until released by Buyer the following minimum insurance coverages:

* + 1. Workers’ Compensation insurance or self-insurance in accordance with the laws and regulations of the State of California, providing statutory benefits and covering loss resulting from injury, sickness, disability or death of employees of Seller. In lieu of such insurance, Seller may maintain a self-insurance program meeting the requirements of the State of California.
    2. Employer’s liability insurance in the amount of not less than One Million Dollars ($1,000,000) per accident and per employee for disease.
    3. Commercial General Liability Insurance insuring against liability for damages for personal injury (including bodily injury and death) and property damage. Such insurance shall provide premises/operations, products-completed operations, blanket contractual liability, explosion, collapse and underground coverage, broad form property damage, independent contractor’s and personal injury insurance, punitive damages to the extent insurable under the laws of the State of California, in the amount of not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) in the annual aggregate for combined bodily injury and property damage. There shall be no wildfire exclusion. Defense costs shall be provided as an additional benefit and may be included within the limits of liability.
    4. Commercial or Business Automobile Liability Insurance insuring against liability for damages for bodily injury, death, or damage to property (including loss of use thereof), and occurring in any way related to the use, loading or unloading of any of Seller’s automobiles for coverage of owned, non-owned, leased and hired vehicles, in the amount of not less than One Million Dollars ($1,000,000) combined single limit for bodily injury and property damage. Seller’s automobile liability insurance coverage shall contain appropriate no-fault insurance provisions or other endorsements in accordance with applicable laws. Coverage shall be at least as broad as the Insurance Services Office Business Auto Coverage form covering Automobile Liability, code 1 “any auto”. If the services involve hauling hazardous materials, coverage shall be endorsed to include MCS 90 endorsement.
    5. Excess or Umbrella Liability Insurance over and above the insurance required above in the amount of not less than [\_\_\_\_\_] Million Dollars ($[\_\_\_],000,000.00) per occurrence/[\_\_\_\_\_] Million Dollars ($[\_\_\_],000,000.00) aggregate.

The amounts of insurance required in Sections 4.1.2 through 4.1.4, may be satisfied by Seller purchasing coverage in the amounts specified or by any combination of primary and excess insurance, so long as the total amount of insurance meets the requirements specified above.

* + 1. During the construction period for the Project, Builder’s Risk insurance on an “all risk of physical loss or damage” basis, including coverage against damage or loss caused by earthquake, flood, windstorm, boiler, engine, and machinery accidents and performance testing and “Delay in Start-up” coverage. The Builder’s Risk coverage shall include (i) coverage for the buildings, structures, boiler, machinery, equipment, facilities, fixtures, supplies, and other properties constituting a part of the Project, with an overall limit sufficient to cover repair or replacement; (ii) inland transit coverage for property and equipment that has been off-loaded from a vessel or aircraft until delivered to the Site; (iii) off-site coverage to insure any property or equipment described in (i) above not stored on the Site; (iv) removal of debris; (v) coverage for foundations and other property below the surface of the ground; (vi) expediting expenses; and (vii) hazardous substance cleanup. The Builder’s Risk coverage shall modify the standard exclusion for damage caused by faulty workmanship, design or materials so as to insure resulting damage to property free of defective conditions.
    2. After construction has been completed, All Risk property insurance coverage in the amount not less than the full replacement value of the Project, including a full replacement cost endorsement (no co-insurance) with no deduction for depreciation of property if actually replaced, providing, without limitation, (i) coverages against loss or damage by fire, lightning, windstorm, hail, explosion, riot, civil commotion, aircraft, vehicles, smoke, other risks from time to time included under “all risk” or “extended coverage” policies, earthquake, flood, collapse, sinkhole, subsidence and such other perils, (ii) off‑site coverage as is sufficient to cover off‑site equipment for which there have been progress payments, (iii) transit coverage (including ocean cargo where ocean transit will be required) as is sufficient to cover property in transit, and (iv) boiler and machinery coverage on a “comprehensive” basis including breakdown and repair with limits not less than the full replacement cost of the insured objects. The policy/policies shall include increased cost of construction coverage, debris removable, and building ordinance coverage to pay for loss of “undamaged” property which may be required to be replaced due to enforcement of local, state, or federal ordinances.
    3. If applicable to the scope of work during construction phase of the term of this Agreement, Aircraft/Watercraft Insurance, for all owned, non-owned and hired aircraft or watercraft used in connection with the operation of the Project, with a $10,000,000 limit per occurrence for property damage and bodily injury, including passengers and crew; *provided*, such insurance may be provided by the provider of the non-owned or hired aircraft or watercraft.
    4. Pollution Liability Insurance insuring against liability arising out of activities contemplated hereunder or as might be required by federal, state, regional, municipal and local laws, with minimum limits of Two Million Dollars ($2,000,000.00) per occurrence, Two Million Dollars ($2,000,000.00) aggregate. Seller may satisfy this requirement under Commercial General Liability insurance and Excess or Umbrella Liability insurance policies if such policies provide coverage as is provided for under a Pollution Liability insurance policy. The Buyer shall have the right to review such coverage within such policy and accept the terms or require additional coverage in Buyer’s reasonable discretion.
  1. Additional Terms and Conditions.
     1. All required insurance policies shall name Buyer, its parent, associated and affiliated companies and their respective directors, officers, agents, servants and employees as loss payees under the policy required in Section 4.1.6 and 4.1.7 as its interest may appear under this Agreement, and as additional insureds by endorsements under the policies required in Sections 4.1.3, 4.1.5, and 4.1.9.
     2. All policies required under Sections 4.1.1, 4.1.2, 4.1.5, and 4.1.9 shall contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this Agreement against Buyer.
     3. All policies shall provide thirty (30) days’ advance written notice to Buyer for cancellation or any material change in coverage or condition and ten (10) days’ notice for non-payment.
     4. All policies required under Sections 4.1.3 and 4.1.5 shall contain provisions that specify that the policies are primary and are not excess to or contributing with any insurance or self-insurance maintained by Buyer and shall contain a severability of interest or cross-indemnity clause.
     5. Seller shall be responsible for its respective deductibles or retentions.
     6. If any of the required insurance policies are written on a “claims made” basis, such policies shall be maintained in full force and effect for two (2) years after termination of this Agreement, which coverage may be in the form of tail coverage or extended reporting period coverage if agreed by the Parties.
     7. Certificates of insurance (including applicable endorsements and renewal certificates of insurance thereafter, executed by a duly authorized representative of each insurer, or by the insurance agent or broker authorized to do so, as evidence of all insurance policies under this Article) and summaries of all such insurance documents shall be sent to Buyer.
     8. Buyer or Buyer’s agent may inspect the original policies or require complete certified copies, at any time.
     9. Seller shall require, and shall furnish Buyer with evidence of, the same insurance for its agents or contractors as Buyer requires of Seller.
     10. The requirements contained herein as to the types and limits of all insurance to be maintained by the Parties are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Parties under this Agreement.
  2. Market Practicability.
     1. In the event any insurance required to be maintained hereunder shall not be reasonably available and commercially feasible in the commercial insurance market, Buyer shall waive such requirement to the extent the maintenance thereof is not so available and feasible; *provided*, however, that (a) Seller shall first request any such waiver in writing, which request shall be accompanied by written reports prepared by an independent insurance broker, or an insurance consultant selected by Seller and reasonably acceptable to Buyer, explaining the extent to which such insurance is not reasonably available and commercially feasible (and, in any case where the required amount is not so available, certifying as to the maximum amount which is so available) and explaining in detail the basis for such conclusions, the form and substance of such reports to be reasonably acceptable to Buyer; (b) at any time after the granting of any such waiver, but not more often than once a year, Buyer may request, and Seller shall furnish to Buyer supplemental reports reasonably acceptable to Buyer from such insurance broker updating its prior reports and reaffirming such conclusion; and (c) any such waiver shall be effective only so long as such insurance shall not be reasonably available and commercially feasible in the commercial insurance market.
     2. If Buyer determines that the types or amounts of any insurance required to be maintained hereunder shall no longer be reasonably adequate, then Buyer may require revisions to the types or amounts of any insurance required hereunder but only if such revisions are commercially reasonable.
  3. Application of Proceeds.

Subject to the requirements of the Lenders’ financing documents and the rights or remedies of the Lenders thereunder, Seller shall apply any and all insurance proceeds received in connection with the damage or destruction of the Project toward the repair, reconstruction or replacement of the Project; *provided*, however, that if the Project is damaged or destroyed due to an event of Force Majeure to an extent that results, or could reasonably be expected to result, in a repair schedule exceeding twelve (12) months, then, notwithstanding anything in this Agreement to the contrary, Seller shall not be obligated to repair, reconstruct or restore the Project unless and until Buyer waives termination under Section 18.3 for the reasonable duration of the repair. Seller shall use commercially reasonable efforts to include in the Lenders’ financing documents an obligation on the part of Seller and the Lenders to apply the proceeds of physical damage, and similar insurance obtained by Seller in connection with the Project to repair and maintain the Project in order to effectuate Seller’s obligations under this Agreement. In no event shall Seller enter into an agreement with the Lenders respecting the use of insurance proceeds that is not consistent with generally accepted practices in similar financings within the electric industry.

1. DESIGN AND CONSTRUCTION OF PROJECT
   1. Seller’s Obligations.

At no cost to Buyer, Seller shall:

* + - 1. Develop, design, procure, construct, commission, test, own, operate and maintain the Project as required for Seller to perform its obligations under this Agreement and in compliance with all Applicable Laws and Permit Requirements, including without limitation any Applicable Law related to safety, and any new or revised Required Permits or Applicable Laws that become effective during the Term;
      2. Acquire and maintain all entitlements, consents, franchises, permits, certificates, licenses, authorizations and approvals required by any applicable Governmental Authority (other than the CPUC Approval and requirements of Buyer as the Scheduling Coordinator pursuant to Article 17) for the design, development, construction, installation, testing, interconnection, operation, maintenance, monitoring, removal, and ownership of the Project (the “Required Permits”);
      3. Pay all costs allocated to the Project related to acquiring and/or maintaining rights of way and upgrades to, and construction of, facilities required to interconnect the Project to the electric retail system and the Participating Transmission Owner’s electric system and CAISO Grid under Full Capacity Deliverability Status (as defined in the Tariff), consistent with Applicable Laws and Seller’s interconnection agreement.
  1. Design Review.
     1. In the event that construction of the Project has not commenced by the Effective Date, at Buyer’s reasonable request, Seller shall provide to Buyer information related solely to operational characteristics of the Project for Buyer’s review prior to finalizing design of the Project and before beginning construction work.
     2. Seller shall provide to Buyer Notice of any changes Seller proposes to make to the Project which will materially impact its operational characteristics and the operational characteristics of such changes, for Buyer’s review as far in advance as practicable, but in no event less than thirty (30) days before the changes are to be made.
     3. Buyer may notify Seller in writing of the results of Buyer’s review of the information provided by Seller pursuant to Section 5.2.1 or 5.2.2, within thirty (30) days of Buyer’s receipt of the specifications for the Project or the change, as appropriate, including a description of any flaws perceived by Buyer in the design.
     4. Seller shall in good faith consider any of Buyer’s proposed revisions to Seller’s design provided, however, that Seller shall be solely responsible for the final design and shall have no obligation to implement any of Buyer’s proposed revisions to Seller’s design.

1. CONSTRUCTION PERIOD AND MILESTONES
   1. Milestone Schedule.

In order to meet the Guaranteed Initial Delivery Date, Seller shall meet the construction milestones set forth on Appendix 6.1(a) (“Milestone Schedule”), subject to Section 6.2. No later than the 10th day of each month while the Project has not yet met its Initial Delivery Date, Seller shall deliver to Buyer a monthly progress report, substantially in the form set forth in Appendix 6.1(b) (“Monthly Progress Report”), describing its compliance with the Milestone Schedule, including projected time to completion of any milestones, for the Project. Seller shall include in any Monthly Progress Report a list of all letters, notices, applications, approvals, authorizations and filings referring or relating to Required Permits, and provide any such documents as may be reasonably requested by Buyer; *provided*, however, that Seller may redact such documents as necessary to comply with third-party confidentiality obligations. In addition, Seller shall advise Buyer as soon as reasonably practicable of any problems or issues of which it is aware which could materially impact its ability to meet the Milestone Schedule. Within seven (7) days after completion of each milestone in the Milestone Schedule, Seller shall provide Buyer with Notice along with accompanying documentation (including reasonably redacted copies of applicable agreements, Required Permits, and certificates) to reasonably demonstrate the achievement of such construction milestone.

* 1. Milestone Delay Damages and Recovery Plan

. If Seller fails to achieve any milestone listed on the Milestone Schedule on or before the applicable deadline listed therein (prior to giving to any extension thereof by the payment of Daily Delay Damages pursuant to Section 2.10.1), Seller may cure such failure; provided, that:

* + 1. Within five (5) Business Days prior to any such failure, Seller submits to Buyer (i) a written description of the reason for the anticipated failure, (ii) the date Seller expects it will achieve completion of the applicable milestone (“Milestone Extension Date”), (iii) a written recovery plan for completing all necessary work to achieve completion of the missed milestone, the remaining milestones, and the Initial Delivery Date by the Guaranteed Initial Delivery Date (including plans for accelerating the work, for example, by using additional shifts, overtime, additional crews or resequencing of the work, as applicable) (the “Recovery Plan”) and (iv) any required Daily Delay Damages in accordance with Section 2.10.1. The Recovery Plan shall also include an updated Milestone Schedule with revised dates for each of the remaining milestones, which updated Milestone Schedule shall reflect the payment of any Daily Delay Damages in accordance with Section 2.10.1. Any such Recovery Plan shall be subject to the approval of Buyer, such approval not to be unreasonably withheld or delayed.
    2. Seller shall commence the work contemplated by the Recovery Plan after approval thereof by Buyer.
    3. Seller shall be solely responsible for any costs or expenses incurred by Seller as a result of the formulation and implementation of the Recovery Plan.
    4. If Seller fails in any material respect, as reasonably determined by Buyer, to: (i) meet the requirements of the Recovery Plan; (ii) make sufficient progress in effecting the Recovery Plan; or (iii) achieve completion of the missed milestone by the Milestone Extension Date, such failure shall be subject to a further attempt to cure only if, in Buyer’s reasonable judgment, the Initial Delivery Date can still be achieved within the Cure Period.
  1. Inspection Rights.

Buyer shall have the right, upon reasonable prior notice to Seller, during the Term to enter onto the Site, inspect the Project and otherwise inspect or audit Seller’s EPC Contracts and its books and records in order to verify Seller’s compliance with the Milestone Schedule and the terms of this Agreement. While on the Site, Buyer shall be responsible for compliance with all applicable safety and security protocols established by Seller, and Buyer shall not interfere with the normal operation of the Project.

1. COMMISSIONING; TESTING
   1. Testing Costs.

Seller will, at times and for durations reasonably agreed to by Buyer, conduct necessary testing set forth in this Article 7 to assess whether the Project and each of the Generation Facility and the Energy Storage System is functioning properly and is able to respond to Buyer Dispatch Notices or CAISO dispatch instructions. If a test is deemed a Buyer Cost Test hereunder, Buyer shall be obligated to provide (and pay for) the electricity required to charge the Energy Storage System relating to such test, and Energy from the Energy Storage System shall be treated as dispatched pursuant to Dispatch Notices by Buyer hereunder. For the avoidance of doubt, for any Buyer Cost Test Buyer be entitled to all CAISO revenues and other revenues associated with the Energy delivered from the Energy Storage System during such test. If a test is deemed a Seller Cost Test hereunder, (a) Seller shall be responsible for paying (i) the costs of all electricity required to charge the Energy Storage System relating to such test, (ii) the costs of purchasing, scheduling and delivering Charging Energy necessary to recharge the Energy Storage System so as to restore the Stored Energy that existed immediately prior to such test, and (iii) all CAISO costs and charges related to such test, and (b) Seller shall be entitled to all CAISO revenues and other revenues associated with the Energy delivered from the Energy Storage System during such test; *provided*, that at Buyer’s election, Buyer may provide the Charging Energy necessary for such testing, in which case, Buyer shall be entitled to all CAISO revenues and other revenues associated with the Energy delivered from the Energy Storage System during such test. If a Seller Cost Test is performed during any period during which Buyer is the Scheduling Coordinator for the Project, Buyer shall pay Seller such revenues in the month following Buyer’s receipt of such revenues.

* 1. Commercial Operation Test.

At least seven (7) Business Days prior to the Initial Delivery Date, but no earlier than thirty (30) days prior to the Initial Delivery Date, Seller shall schedule and complete a Commercial Operation test for the Project (the “Commercial Operation Test”). Such Commercial Operation Test shall be scheduled and conducted in accordance with Appendix 7 hereto and shall be deemed a Seller Cost Test. Seller shall undertake such activities in sufficient time to achieve Commercial Operation by the Guaranteed Initial Delivery Date and Buyer will reasonably cooperate with Seller to meet such deadline. The Commercial Operation Test shall establish the initial level of Contract Capacity and Tested Round-Trip Efficiency Rate for purposes of calculating the Monthly Capacity Payment under Section 9.2.

* 1. Annual Contract Capacity Testing of Energy Storage System.

At least once per Contract Year after the initial Contract Year, upon no less than twenty-four (24) hours prior Notice to Seller from Buyer (or any shorter period reasonably acceptable to Buyer consistent with Accepted Electrical Practices), subject to Article 17 and the Availability Notices delivered by Seller hereunder, Seller shall schedule and complete a Contract Capacity Test for the Energy Storage System in accordance with Appendix 7. Such Contract Capacity Test shall be deemed a Seller Cost Test. No more frequently than once per calendar quarter, Seller shall have the right to run a retest of the Contract Capacity Test at any time upon twenty-four (24 hours prior written Notice to Buyer (or any shorter period reasonably acceptable to Buyer consistent with Accepted Electrical Practices) and such retest shall be a Seller Cost Test. For all purposes of this Agreement, including Section 1.1.1 and Appendix 9.2, the Contract Capacity for the Energy Storage System determined pursuant to a Contract Capacity Test shall become the new Contract Capacity for the Energy Storage System at the beginning of the day following the completion of the test, subject to the limitations in Section 1.1.1.

* 1. Efficiency Rate Testing of Energy Storage System.

From time to time during the Delivery Period, upon no less than forty-eight (48) hours prior Notice to Seller (or any shorter period reasonably acceptable to Buyer consistent with Accepted Electrical Practices), Buyer may schedule and complete an Efficiency Rate Test in accordance with Appendix 7. The Efficiency Rate Test shall be deemed a Buyer Cost Test. No more frequently than once per calendar quarter, Seller shall have the right to run a retest of an Efficiency Rate Test at any time upon 24 hours prior written Notice to Buyer (or any shorter period reasonably acceptable to Buyer consistent with Accepted Electrical Practices). For all purposes of this Agreement, including Sections 1.1.2, 1.2.2 and Appendix 9.2, the Tested Round-Trip Efficiency Rate determined pursuant to an Efficiency Rate Test shall become the new Tested Round-Trip Efficiency Rate at the beginning of the day following the completion of the test.

* 1. Additional Required Testing.

From time to time during the Delivery Period, upon no less than twenty-four (24) hours prior Notice to Seller, Buyer, the CPUC, the CAISO or other Governmental Authority having jurisdiction may require additional tests to be performed from time to time (including tests of the Generation Facility’s or Energy Storage System’s Capacity for Resource Adequacy capacity requirements). Such tests shall be deemed a Buyer Cost Test. No more frequently than once per calendar quarter, Seller shall have the right to run a retest of such additional test at any time upon twenty-four (24) hours prior written Notice to Buyer (or any shorter period reasonably acceptable to Buyer consistent with Accepted Electrical Practices), and such Seller-requested retest shall be a Seller Cost Test.

* 1. Seller-Initiated Tests.

Seller may conduct any other discretionary tests, at times and for durations reasonably agreed to by Buyer (provided that it shall be deemed reasonable for Buyer to require such discretionary test to be performed on a day in which Buyer has not dispatched the Energy Storage System or the Generation Facility, as applicable), that Seller deems necessary for purposes of reliably operating the Project, the Energy Storage System, or the Generation Facility, or for re-performing a required test within a reasonable number of days of the initial required test (considering the circumstances that led to the need for a retest) (“Seller Initiated Test”). All such Seller Initiated Tests shall be considered Seller Cost Tests. Buyer shall (at Seller’s request and in Buyer’s capacity as the Scheduling Coordinator hereunder) take commercially reasonable efforts to submit schedules to CAISO in accordance with the Tariff, Applicable Laws, and Accepted Electrical Practices for the Product delivered in connection with each such Seller Initiated Test. Seller shall notify Buyer of any Seller-Initiated Test no later than twenty-four (24) hours prior thereto (or any shorter period reasonably acceptable to Buyer consistent with Accepted Electrical Practices).

* 1. Independent Witness.

Buyer shall be entitled to have an independent third party witness any testing under this Article 7, provided that (a) such third party enters into a confidentiality agreement reasonably satisfactory to Seller, and (b) Buyer is responsible for all costs, expenses and fees payable or reimbursable to such third party.

* 1. Test Results.

Seller will provide all CAISO certifications (including Commercial Operation, CAISO Certification, and CAISO Ancillary Services Certification) test results for the Project, the Generating Facility, or the Energy Storage System within five (5) Business Days of Seller’s receipt for any initial or subsequent test throughout the Term of this Agreement.

1. SELLER’S OPERATION, MAINTENANCE AND REPAIR OBLIGATIONS
   1. Seller’s Operation Obligations.
      1. When notified of a dispatch by Buyer (or the CAISO), Seller shall operate the Project in accordance with Accepted Electrical Practices, Applicable Laws, Permit Requirements and applicable California utility industry standards, including without limitation the standards established by the California Electricity Generation Facilities Standards Committee, pursuant to Public Utilities Code Section 761.3, and enforced by the CPUC, and CAISO-mandated standards, as set forth in Section 5 of the Tariff (collectively, “Industry Standards”). In addition, Seller shall at all times maintain and operate the Energy Storage System in a safe manner as required by Accepted Electrical Practices, Industry Standards, statutes, regulations or other Applicable Law.
      2. Seller shall maintain a daily operations log for the Project and the Energy Storage System which shall include but not be limited to information on power production, electricity consumption and efficiency (if applicable), availability, hourly average Stored Energy of the Energy Storage System, hourly average Maximum Energy Capacity of the Energy Storage System, maintenance performed, outages, changes in operating status, inspections and any other significant events related to the maintenance or operation of the Project. In addition, Seller shall maintain all records applicable to the Project, including the electrical characteristics of the Project and settings or adjustments to the control equipment and protective devices of the Project. Information maintained pursuant to this Section 8.1.2 shall be provided to Buyer, within 15 days of Buyer’s request.
      3. Seller shall maintain accurate records with respect to the tests required under Article 7 above, including the outcomes of such tests.
      4. Seller shall maintain and make available to Buyer and the CPUC, or any division thereof, records including logbooks, demonstrating that the Project is operated and maintained in accordance with Accepted Electrical Practices, Applicable Law and Industry Standards, including those related to safety. Seller shall comply with all reporting requirements and permit on-site audits, investigations, tests and inspections permitted or required under any Industry Standards or Applicable Laws.
      5. Buyer or the CAISO may require Seller, at Seller’s expense, to demonstrate to Buyer’s commercially reasonable satisfaction the correct calibration and operation of Seller’s Protective Apparatus at any time Buyer or the CAISO has reason to believe that said Protective Apparatus may impair the integrity of the Participating Transmission Owner’s electric system or CAISO Grid. Buyer will reimburse Seller for all costs Seller incurs in such demonstration if the demonstration shows that the Protective Apparatus was functioning properly.
      6. Seller shall, during the Term, only employ appropriately qualified (determined in Seller’s reasonable opinion consistent with Accepted Electrical Practices) personnel for the purposes of operating and maintaining the Project. Seller shall at all times require such personnel to adhere to all applicable safety standards in accordance with Accepted Electrical Practices, Applicable Law and Industry Standards.
   2. Seller’s Maintenance and Repair Obligations.

Seller shall inspect, maintain and repair the Project, and any portion thereof, in accordance with applicable Industry Standards and Accepted Electrical Practices. Seller shall maintain and deliver maintenance and repair records of the Project to Buyer’s scheduling representative upon request. Seller shall ensure that any contractor or subcontractor performing maintenance, repair, inspection or other work on the Project during the Term, only employ appropriately qualified (determined in Seller’s reasonable opinion consistent with Accepted Electrical Practices) personnel for the purposes of operating and maintaining the Project. Seller shall at all times require such personnel to adhere to all applicable safety standards in accordance with Accepted Electrical Practices, Applicable Law and Industry Standards.

1. COMPENSATION
   1. Compensation.

Compensation to Seller shall consist of (a) a Monthly Capacity Payment calculated in accordance with Section 9.2, and (b) a Monthly Energy Payment calculated in accordance with Section 9.3. The Monthly Capacity Payment and Monthly Energy Payment will be paid each month, in arrears in accordance with Article 10, for each month of the Delivery Period.

* 1. Monthly Capacity Payment.

Once the Project has achieved its Initial Delivery Date, Buyer shall pay Seller a monthly capacity payment determined in accordance with the calculation set forth in Appendix 9.2 (the “Monthly Capacity Payment”); *provided*, that Buyer shall not be required to pay the Monthly Capacity Payment for any month in which the Equivalent Availability Factor for the Energy Storage System is less than 0.90 or the Round-Trip Efficiency Rate Factor for the Energy Storage System is less than 0.90. [For the month in which the Initial Delivery Date occurs, the Monthly Capacity Payment will be prorated for the remaining days of that month. For the last month of the Term, the Monthly Capacity Payment will be prorated for the number of days remaining in the Term.]

* 1. Monthly Energy Payment.

Once the Project has achieved its Initial Delivery Date, Buyer shall pay Seller a monthly energy payment determined in accordance with the calculations set forth in Appendix 9.3 (the “Monthly Energy Payment”).

* 1. Additional Compensation.

Except with respect to revenue derived from a Seller Cost Test as set forth in Article 7 or Availability Incentive Payments as contemplated by Section 14.4, in the event that Seller is compensated by a third party for any Product produced by the Project, including, but not limited to, compensation for Resource Adequacy or Green Attributes, Seller shall remit all such compensation directly to Buyer.

1. PAYMENT AND BILLING
   1. Billing Period.

The calendar month shall be the standard period for all payments under this Agreement (other than Termination Payment). As soon as practicable after the end of each month (but no later than ten (10) Business Days after the end of each month), each Party will render to the other Party an invoice for the payment obligations, if any, incurred hereunder during the preceding month, together with all supporting documentation and calculation necessary to evidence all amounts charged thereunder.

* 1. Timeliness of Payment.

All undisputed amounts in invoices under this Agreement shall be due and payable in accordance with each Party’s invoice instructions on or before the later of the 20th day of each month, or the 10th day after receipt of the invoice, or, if such day is not a Business Day, then on the next Business Day. Each Party will make payments by electronic funds transfer, or by other mutually agreeable methods, to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Default Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.

* 1. Disputes and Adjustments of Invoices.

A Party may, in good faith, dispute the correctness of any invoice, or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic or computational error, within 24 months of the date of invoice or adjustment. Any dispute with respect to an invoice is waived unless the other Party receives Notice under this Section 10.3 within 24 months after the invoice is rendered or any specific adjustment to the invoice is made. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with Notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within three (3) Business Days of such resolution along with interest accrued at the Default Rate from and including the due date to but excluding the date paid. Inadvertent overpayments shall be returned upon written request (the “Overpayment Notice”) or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Default Rate from and including the date that is three (3) Business Days following receipt of an Overpayment Notice to but excluding the date repaid or deducted by the Party receiving such overpayment.

* 1. Netting of Payments.

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

* 1. Payment Obligation Absent Netting.

If no mutual debts or payment obligations exist and only one Party owes a debt or obligation to the other during the monthly billing period, including, but not limited to, interest and payments or credits, that Party shall pay such sum in full when due.

1. CREDIT AND COLLATERAL
   1. Financial Information.

If requested by one Party, the other Party shall deliver:

* + - 1. Within 120 days following the end of each fiscal year, a copy of its (and, if applicable, its Guarantor’s) annual report containing audited consolidated financial statements for such fiscal year;
      2. Within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its (and, if applicable, its Guarantor’s) quarterly report containing unaudited consolidated financial statements for such fiscal quarter.

A Party shall have satisfied this requirement if such statements are posted and publicly available within the time frames specified above on a Party or its Guarantor’s corporate website or the U.S. Securities and Exchange commission website (<http://www.sec.gov/>). In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles; *provided*, 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 the producing Party diligently pursues the preparation, certification and delivery of the statements.

* 1. Seller’s Credit Requirements.
     1. Credit Requirement During Pre-Construction Period. From the Effective Date to the CP Satisfaction Date, Seller shall provide and maintain Performance Assurance in an amount equal to $[\_\_\_\_\_\_\_\_] **[NOTE to Bidders: Please see RFO document for collateral requirements.]** (the “Pre-Construction Security”) in order to secure Seller’s obligations hereunder. Except to the extent Seller elects to apply the Pre-Construction Security to the Construction Period Security, Buyer shall promptly return to Seller the unused portion of the Pre-Construction Security after the earlier of (a) the date on which Seller has delivered the Construction Period Security, and (b) termination of the Agreement by either Party under Section 2.5.2(b).
     2. Credit Requirement During Construction Period. From the CP Satisfaction Date to the Initial Delivery Date, Seller shall provide and maintain additional Performance Assurance so that the total amount of Performance Assurance is equal to $[insert] **[NOTE to Bidders: Please see RFO document for collateral requirements.]** (the “Construction Period Security”) in order to secure Seller’s obligations hereunder. Except to the extent Seller elects to apply the Construction Period Security to the Delivery Period Security, Buyer shall promptly return to Seller the unused portion of the Construction Period Security after the earlier of (a) the date on which Seller has delivered the Delivery Period Security, and (b) the date that all payment obligations of the Seller arising under this Agreement, including compensation for penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting) after an Early Termination Date.
     3. Credit Requirements During Delivery Period. Throughout the Delivery Period, Seller shall provide and maintain Performance Assurance to Buyer in an amount equal to [$insert] **[NOTE to Bidders: Please see RFO document for collateral requirements]** to secure Seller’s obligations hereunder (“Delivery Period Security”). Buyer shall promptly return to Seller the unused portion of the Delivery Period Security after the following have occurred: (a) the Delivery Period has expired or terminated early; and (b) all payment obligations of the Seller arising under this Agreement, including compensation for penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting).
  2. Form of Performance Assurance.
     1. Cash. In the event that Seller elects to provide cash as the applicable Performance Assurance, Buyer shall deposit (or cause to be deposited) such cash in an account bearing interest at the rate per annum equal to the Interest Rate. Interest shall be calculated monthly (without compounding) at a monthly rate of 1/12 of such Interest Rate, shall be retained in such account, and shall be applied toward the amount of the applicable Performance Assurance, and any amount in excess of the required amount of applicable Performance Assurance on the last Business Day of each calendar year shall be returned to Seller.
     2. Letters of Credit. Performance Assurance provided in the form of a Letter of Credit shall be subject to the following provisions:
        1. Each Letter of Credit shall be maintained for the benefit of Buyer. Seller shall cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and as provided in accordance with this Agreement, and in no event less than sixty (60) days prior to the expiration of the outstanding Letter of Credit. If Seller fails to renew or cause the renewal of any outstanding Letter of Credit on a timely basis as provided in this Section 11.3.2, Buyer shall have the right to draw the entire amount of such Letter of Credit.
        2. Upon, or at any time after it has been determined that Seller has forfeited all or part of its Pre-Construction Security, then Buyer may draw on any undrawn portion of any outstanding Letter of Credit upon submission to the bank issuing such Letter of Credit of one or more certificates specifying that Seller has forfeited all or part of its Pre-Construction Security in the amount set forth in Section 2.3.1 or 2.5.2 as applicable. Cash proceeds received by Buyer from drawing upon the Letter of Credit shall be for the account of Buyer.
        3. In the event Seller incurs Daily Delay Damages pursuant to Section 2.10.1, then Buyer may draw on any undrawn portion of any outstanding Letter of Credit upon submission to the bank issuing such Letter of Credit one or more certificates specifying that such Daily Delay Damages have been incurred and are unpaid. Cash proceeds received by Buyer from drawing upon the Letter of Credit shall be for the account of Buyer in satisfaction of Seller’s obligations hereunder.
        4. Upon, or at any time after, the occurrence and continuation of an Event of Default by Seller, then Buyer may draw on the entire undrawn portion of any outstanding Letter of Credit upon submission to the bank issuing such Letter of Credit of one or more certificates specifying that such Event of Default has occurred and is continuing. Cash proceeds received by Buyer from drawing upon the Letter of Credit shall be used to offset Buyer’s damages and to the extent in excess of Buyer’s damages shall be deemed Performance Assurance as security for the Seller’s obligations to Buyer and Buyer shall at all times have the exclusive dominion and control of, and at no time shall Seller have any rights or powers to direct or control such cash proceeds. Notwithstanding Buyer’s receipt of cash proceeds of a drawing under the Letter of Credit, Seller shall remain liable (i) for any failure to provide sufficient Performance Assurance as required under this Agreement, and (ii) for any amounts owing to Buyer and remaining unpaid after the application of the amounts so drawn by Buyer.
        5. In all cases, the costs and expenses of establishing, renewing, substituting, canceling, amending and increasing the amount of a Letter of Credit shall be borne by Seller.
     3. Guaranty. Performance Assurance provided in the form of a Guaranty Agreement, if offered from Seller, shall be from a Guarantor reasonably acceptable to Buyer and satisfying the following: (i) the Guarantor shall maintain a Credit Rating of at least “BBB-” by S&P or “Baa3” by Moody’s and (ii) a tangible net worth of at least One Billion Dollars ($1,000,000,000).
  3. First Priority Security Interest.

To secure Seller’s performance of its obligations under this Agreement, and until released as provided herein, Seller hereby grants to Buyer a present and continuing first-priority security interest (“Priority Security Interest”) in, and lien on (and right of setoff against), and assignment of, Seller’s rights in respect of the Performance Assurance, and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of Buyer, and Seller agrees to take such action and execute all such documents, instruments, agreements and certifications (to be effective as the same time as such Performance Assurance is required to be provided) as Buyer reasonably requires in order to perfect Buyer’s Priority Security Interest in, and lien on (and right of setoff against), such collateral, any and all amounts deposited therein, and any and all proceeds resulting therefrom or from the liquidation thereof. In addition, Seller authorizes Buyer to file such Uniform Commercial Code financing statements and to take such further action and execute such further instruments as shall reasonably be required by Buyer to confirm and continue the validity, priority, and perfection of the Priority Security Interests. 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 may do any one or more of the following if amounts due and owing by Seller remain unpaid:

* + - 1. Exercise any of its rights and remedies with respect to all Performance Assurance, including any such rights and remedies under law then in effect;
      2. Exercise its rights of setoff against any and all property of Seller in Buyer’s possession;
      3. Draw on any outstanding Letter of Credit issued for its benefit; or
      4. Liquidate all Performance Assurance then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller.

Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller’s obligations under this Agreement (Seller remaining liable for any amounts owing to Buyer after such application), subject to Buyer’s obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

Buyer does not have and will not have any obligation to post margin, provide letters of credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever. Seller agrees that it shall not have any grounds for insecurity with respect to the creditworthiness of Buyer, and hereby waives all implied rights relating to financial assurances arising from Section 2-609 of the Uniform Commercial Code or case law applying similar doctrines.

1. COLLATERAL ASSIGNMENT
   1. Consent to Collateral Assignment.

Subject to the provisions of this Article, Seller shall have the right to assign all its rights, title and interests in the Project, Site, other real, personal and other of its properties, and this Agreement as collateral for any financing or refinancing of the Project. In connection with any such collateral assignment, Seller shall enter into a consent to collateral assignment of this Agreement (“Collateral Assignment Agreement”) in in form and substance customary in the industry and reasonably agreed to by Buyer, Seller and Lender. Any requests for a Collateral Assignment Agreement must be received by Buyer at least forty-five (45) days in advance of the anticipated closing date for the transaction in question. Seller shall also be responsible for Buyer’s reasonable costs associated with the preparation, review, execution and delivery of documents in connection with any such assignment, including attorneys’ fees.

1. GOVERNMENTAL AND ENVIRONMENTAL CHARGES
   1. Governmental Charges.

Seller shall pay or cause to be paid all taxes, charges or fees imposed by a Government Authority (“Governmental Charges”) on or with respect to the Product prior to the Energy Delivery Point. For the avoidance of doubt, such Governmental Charges shall include ad valorem taxes of Seller that are related to the Project, and franchise or income taxes that are related to the sale of the Product to Buyer and which arise or are imposed prior to the Energy Delivery Point. Buyer shall pay or cause to be paid all Governmental Charges on or with respect to Product which arise or are imposed at and from the Energy Delivery Point. In the event Seller is required by Applicable Laws 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 Applicable Laws to remit or pay Governmental Charges which are Seller’s responsibility hereunder, Buyer may deduct the amount of any such Governmental Charge from the sum due to Seller under Article 10. 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. This Section shall not apply to CAISO charges, penalties, costs, or revenues associated with operation of the Project or transmission of the Product allocated pursuant to Section 14.4.

* 1. Compliance with Laws and Indemnification.

Seller shall be solely responsible for any fines, penalties or other charges which result from Seller’s failure to obtain or maintain such Required Permits and/or operate the Project in accordance with Applicable Laws and Permit Requirements. No such fines, penalties or charges shall be passed through to Buyer.

* 1. Environmental Costs.

Seller shall be solely responsible for all Environmental Costs with respect to the Project.

1. SCHEDULING COORDINATOR
   1. VER Forecasting Program Requirements.

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

* 1. Buyer Scheduling Coordinator.
     1. At least thirty (30) days prior to the beginning of testing of the Generation Facility or Energy Storage System, Seller shall take all actions and execute and deliver to Buyer and the CAISO all documents necessary to authorize or designate Buyer as Seller’s Scheduling Coordinator for the Generation Facility or Energy Storage System (as appliable) effective as of the start-up, testing and commissioning thereof. During the Term, Seller shall not authorize or designate any other party to act as Seller’s Scheduling Coordinator, nor shall Seller perform for its own benefit the duties of Scheduling Coordinator, and Seller shall not revoke Buyer’s authorization to act as Seller’s Scheduling Coordinator unless agreed to by Buyer. Buyer may withhold all Monthly Capacity Payments and Monthly Energy Payments that would otherwise be due to Seller until Buyer is fully authorized as the Scheduling Coordinator for the Generation Facility or Energy Storage System (as appliable). Upon Buyer’s reasonable determination that it is fully authorized to act as Scheduling Coordinator for the Project, Buyer shall pay all withheld Monthly Capacity Payments or Monthly Energy Payments on the next applicable payment date therefor.**[NOTE to Bidders: parties to discuss SC duties during pre-commercial operation testing.]**
  2. Notices.

Buyer shall provide Seller with access to a web-based system through which Seller shall submit to Buyer and the CAISO all notices and updates required under the Tariff regarding the Project’s status, including, but not limited to, all Outage Management System Outage Requests, OMS Forced Outages, or CAISO Forced Outage Reports (in each case, as defined in the Tariff). In accordance with this Article and Article 18, Buyer will cooperate with Seller to provide such notices and updates. If the web based system is not available, Seller shall promptly submit such information to Buyer and the CAISO (in order of preference) telephonically, by electronic mail, or facsimile transmission to the personnel designated to receive such information.

* 1. CAISO Costs and Revenues.

Except as otherwise set forth below or elsewhere in this Agreement, Seller shall be responsible for all CAISO charges and penalties associated with the operation of the Project, transmission of Delivered Energy to the Energy Delivery Point, and receiving at and transmitting Charging Energy from the Energy Delivery Point, and Buyer shall be responsible for all CAISO charges and penalties associated with transmitting Charging Energy to the Energy Delivery Point and receiving Delivered Energy at the Energy Delivery Point. Except as otherwise set forth below or elsewhere in this Agreement, Buyer shall be responsible for CAISO costs (including penalties and other charges (including Negative Imbalance Energy costs or revenues)) and receive all CAISO revenues (including credits and other payments (including Positive Imbalance Energy revenues or costs)) incurred as a result of providing Scheduling Coordinator services, including costs and revenues associated with CAISO dispatches. Notwithstanding anything contained herein to the contrary, Seller shall be responsible for (a) Non-Availability Charges, (b) Uninstructed Imbalance Energy charges and Uninstructed Deviation Penalties, (c) Ancillary Services No-Pay charges, and (d) all CAISO charges or payments incurred as a consequence of Seller either failing to notify Buyer of outages in a timely manner as set forth in Article 17 or failing to abide by the Tariff (including deviations from Scheduled Energy that are attributable to Seller’s failure to abide by the Tariff). Furthermore, the Parties agree that any Availability Incentive Payments are for the benefit of the Seller and for Seller’s account and that any Non-Availability Charges are the responsibility of the Seller and for Seller’s account.

* + 1. Generation Facility Imbalance Energy. Seller shall use commercially reasonable efforts to deliver Energy in accordance with the Generation Facility Scheduled Energy. Buyer and Seller recognize that from time to time the amount of Generation Facility Grid Delivered Energy will deviate from the amount of Generation Facility Scheduled Energy. When Generation Facility Grid Delivered Energy minus Generation Facility Scheduled Energy is a positive amount, it shall be considered “Positive Imbalance Energy;” when Generation Facility Grid Delivered Energy minus Generation Facility Scheduled Energy is a negative amount, the absolute (i.e., positive) value of that amount shall be considered the “Negative Imbalance Energy.” Buyer shall receive all Green Attributes for the Positive Imbalance Energy in all settlement intervals.
  1. CAISO Settlements.

Buyer shall be responsible for all settlement functions with the CAISO related to the Project. Buyer shall render a separate invoice to Seller for all CAISO charges or payments (“CAISO Charges Invoice”) for which Seller is responsible under this Agreement in accordance with the applicable billing and payment methodologies utilized for the specific CAISO charge type as set forth in the Tariff and/or related CAISO procedure. CAISO Charges Invoices shall be rendered after final settlement information becomes available from the CAISO that identifies any CAISO charges. Notwithstanding the foregoing, Seller acknowledges that the CAISO will issue additional invoices reflecting CAISO adjustments to such CAISO charges. Seller shall pay the amount of CAISO Charges Invoices within ten (10) Business Days of Seller’s receipt of the CAISO Charges Invoice. If Seller fails to pay such CAISO Charges Invoice within that period, Buyer may net or offset any amounts owing to it for these CAISO Charges Invoices against any future amounts it may owe to Seller under this Agreement. The obligations under this Section with respect to payment of CAISO Charges Invoices shall survive the expiration or termination of this Agreement.

* 1. Terminating Buyer’s Designation as Scheduling Coordinator.

The Parties will take all actions necessary to terminate the designation of Buyer as Scheduling Coordinator for each of the Generation Facility and the Energy Storage System as of 11:59 p.m. on the date that is the earlier of the expiration of the Term or the Early Termination Date (“SC Replacement Date”), regardless of which Party designated such expiration or termination date. The necessary actions include the following, to be performed no later than 30 days prior to such date: (a) Seller shall (i) submit to the CAISO a designation of a new Scheduling Coordinator therefor to replace Buyer effective as of the SC Replacement Date and (ii) cause its newly designated Scheduling Coordinator to submit a letter to the CAISO accepting the designation; and (b) Buyer shall submit a letter to the CAISO resigning as Scheduling Coordinator therefor effective as of the SC Replacement Date. Seller bears sole responsibility for locating, selecting and reaching agreement about terms with any replacement Scheduling Coordinator.

* 1. CAISO Sanctions.

If during the Delivery Period, the CAISO implements or has implemented any sanction or penalty related to scheduling, outage reporting, or generator operation, and any such sanctions or penalties are imposed upon the Project, the Generation Facility or Energy Storage System or to Buyer as Scheduling Coordinator due to the actions or inactions of Seller, the cost of the sanctions or penalties shall be the Seller’s responsibility.

* 1. Master Data File and Resource Data Template.

Seller shall provide the data to the CAISO (and to Buyer) that is required for the CAISO’s Master Data File and Resource Data Template (or successor data systems) for the Generation Facility and the Energy Storage System. Buyer, as Scheduling Coordinator, shall not change such data without Seller’s prior written consent.

1. SCHEDULING, DISPATCH NOTICES and OPERATING RESTRICTIONS
   1. Scheduling Generally.

Buyer shall submit schedules to the CAISO for each of the Generation Facility and the Energy Storage System in accordance with Tariff protocols for Day-Ahead and Hour-Ahead Schedules and Supplemental Energy and Ancillary Services bids as applicable and in accordance with the Operating Procedures, and provide such other services described in this Article. Buyer will submit bids to the CAISO that are in accordance with the Operating Restrictions of the Energy Storage System as specified in Appendix 1.1.

* 1. System Requirements.

For the Generation Facility and Energy Storage System, Seller shall acquire, install, and maintain such facilities, communications links and other equipment, and implement such protocols and practices, as necessary (a) for Seller to respond and follow instructions, including an electronic signal conveying real time instructions, to operate the Generation Facility and Energy Storage System as directed by the Buyer and/or the CAISO (including to implement a System Dispatch Down or an Economic Dispatch Down) in accordance with the then-current methodology used to transmit such instructions as it may change from time to time, and (b) for Buyer and/or the CAISO to control the quantity of Product generated or delivered by the Generation Facility and Energy Storage System, in each case, in accordance with the then-current methodology used to transmit such instructions as it may change from time to time. As of the Effective Date, the systems required to comply with clause (a) include at a minimum the CAISO’s Automatic Dispatch System (as described in the CAISO website) and the systems required to comply with clause (b) include at a minimum the CAISO’S Application Programming Interfaces (as described in the CAISO website). If at any time during the Delivery Period Seller’s facilities, communications links or other equipment, protocols or practices are not in compliance with then-current methodologies, Seller shall take all commercially reasonable steps necessary to become compliant as soon as possible. Seller shall be liable pursuant to Section 15.6 for failure to comply with a Dispatch Notice 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 Dispatch Notice (including an order directing a Dispatch Down Period) provided via such systems and facilities shall have the same force and effect on Seller as any other form of communication. If an electronic submittal is not possible, Buyer and/or the CAISO may provide Dispatch Notices by (in order or preference) electronic mail, telephonically, or facsimile transmission to Seller’s personnel designated to receive such communications, as provided by Seller in writing and Seller shall maintain communications systems necessary to permit such transmittal of Dispatch Notices.

* 1. Generation Facility Scheduling and Dispatch Down.

The following provisions of this Section 15.3 shall apply to the Generation Facility:

* + 1. VER Forecasting Program Requirements. For the Generation Facility, consistent with the requirements of Section 15.1, Buyer’s Schedules and any updates to such Schedules to the CAISO shall be based on the most current forecast of Generation Facility Delivered Energy consistent with the VER Forecasting Program whenever the VER Forecasting Program is available, and consistent with Buyers’ best estimate based on the information reasonably available to Buyer including Buyer’s forecast whenever the VER Forecasting Program is not available. In all cases, consistent with its Economic Dispatch Down curtailment rights, Buyer (as the Scheduling Coordinator) may submit a self-schedule or an economic bid in the applicable CAISO market in order to Schedule a Generation Facility’s Product with the CAISO.
    2. Annual Delivery Schedules. No later than forty-five (45) days before (a) the first day of the first Contract Year of the Delivery Period and (b) the beginning of each calendar year for every subsequent Contract Year during the Delivery Period, Seller shall provide a non-binding forecast of each month’s average-day expected Generation Facility Delivered Energy for each Project System, by hour, for the following calendar year.
    3. Monthly Delivery Schedules. No later than ten (10) Business Days before the beginning of each month during the Delivery Period, Seller shall provide a non-binding forecast of each day’s average expected Generation Facility Delivered Energy for each Project System, by hour, for the following month (“Monthly Delivery Forecast”).
    4. Daily Delivery Schedules. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, for the Generation Facility, Seller shall provide Buyer with a non-binding forecast of the Generation Facility’s Available Generation Capacity (or if the VER Forecasting Program is not available for any reason, the expected Generation Facility Delivered Energy) for each hour of the immediately succeeding day (“Day-Ahead Forecast”), it being understood that, consistent with its Economic Dispatch Down curtailment rights, Buyer (as the Scheduling Coordinator) may submit a self-schedule or an economic bid in the applicable CAISO market in order to Schedule the Generation Facility’s Product with the CAISO. A Day-Ahead Forecast provided in a day prior to any non-Business Day(s) shall include Schedules for the immediate day, each succeeding non-Business Day and the next Business Day. Each Day-Ahead Forecast shall clearly identify, for each hour, Seller’s best estimate of the Generation Facility’s Available Generation Capacity (or if the VER Forecasting Program is not available for any reason, the expected Generation Facility Delivered Energy). Seller may not change such Schedule past the deadlines provided in this section except in the event of a Forced Outage or Schedule change imposed by Buyer or the CAISO, in which case Seller shall promptly provide Buyer with a copy of any and all updates to such Schedule indicating changes from the then-current Schedule. These notices and changes to the Schedules shall be sent to Buyer’s on-duty Scheduling Coordinator. If Seller fails to provide Buyer with a Day-Ahead Forecast as required herein, then for such unscheduled delivery period only Buyer shall rely on the delivery Schedule provided in the Monthly Delivery Forecast or Buyer’s best estimate based on information reasonably available to Buyer and Seller shall be liable for Scheduling and delivery based on such Monthly Delivery Forecast or Buyer’s best estimate.
    5. Real Time Delivery Schedules. Notwithstanding anything to the contrary herein, in the event Seller makes a change to its Generation Facility Schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole) from a Generation Facility, Seller shall notify Buyer immediately by calling Buyer’s on-duty Scheduling Coordinator. Seller shall notify Buyer and the CAISO of Forced Outages in accordance with Article 17. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Generation Facility during or after the end of the outage.
    6. Dispatch Down Periods.
       1. Generally. Seller shall reduce delivery amounts from a Generation Facility as directed by the CAISO, the Participating Transmission Owner, Buyer, or a Transmission Provider during any Dispatch Down Period for the Generation Facility. Buyer shall have no obligation to pay Seller for any Product delivered from the Generation Facility in violation of this Section 15.3.6(a) or for any Product from the Generation Facility that Seller would have been able to deliver but for the fact of a curtailment of the Generation Facility (other than a curtailment that is the result of an Economic Dispatch Down as provided in Section 15.3.6(b) below).
       2. Economic Dispatch Down. Each of Buyer and the CAISO has the right to order Seller to curtail deliveries of Energy from a Generation Facility to the Energy Delivery Point for Economic Dispatch Down purposes, seven days per week and 24 hours per day (including holidays), by providing Dispatch Notices and Updated Dispatch Notices to Seller electronically via the communications systems described in Section 15.2, subject to the requirements and limitations set forth in this Agreement, including the Operating Restrictions. Each such Dispatch Notice will be effective unless and until Buyer (or the CAISO) modifies such Dispatch Notice by providing Seller with an Updated Dispatch Notice. In addition to any other requirements set forth or referred to in this Agreement, all Dispatch Notices and Updated Dispatch Notices will be made in accordance with the timelines as specified in the Tariff. Seller agrees to adjust the Generation Facility Delivered Energy as set forth in a Dispatch Notice that meets the requirements of Economic Dispatch Down.
          1. Buyer Payments. Buyer shall pay Seller, on the date payment would otherwise be due in respect of the month in which any such Economic Dispatch Down occurred, an amount equal to the product of (A) the amount of Deemed Generation Facility Bundled Green Energy resulting from such Economic Dispatch Down, multiplied by (B) the Energy Price, except to the extent Seller received a Sales Price for such Deemed Generation Facility Bundled Green Energy, in which case clause (B) above shall be the amount that the Energy Price exceeds such Sales Price for such Deemed Generation Facility Bundled Green Energy.
          2. Additional Provisions. The Parties shall describe with more specificity the Economic Dispatch Down and Charging Energy process (including the automated communication process for Dispatch Notices) in the Operating Procedures.
  1. Energy Storage System Scheduling and Dispatch.

The following provisions of this Section 15.4 shall apply to the Energy Storage System:

* + 1. Availability Notices. Subject to Section 15.7, during the Delivery Period (or earlier to enable dispatches and deliveries on the Initial Delivery Date), no later than two (2) Business Days before each schedule day for the Day-Ahead Market in accordance with WECC scheduling practices, Seller shall provide Buyer with an hourly schedule of the Available Storage Capacity that the Energy Storage System is expected to have for each hour of such schedule day (the “Availability Notice”). Seller will notify Buyer immediately if the Available Storage Capacity of the Project may change after Buyer’s receipt of an Availability Notice. Seller shall accommodate Buyer’s reasonable requests for changes in the time of delivery of Availability Notices. Seller shall provide Availability Notices using the form attached in Appendix 15.1 by (in order of preference) electronic mail, facsimile transmission or, telephonically to Buyer personnel designated to receive such communications.
    2. Charging Energy Responsibilities.

Except as expressly set forth in this Agreement, during the Delivery Period, Seller shall be responsible, at Seller’s sole cost and expense, for delivering all of the Charging Energy from the Generation Facility to the Energy Storage System in accordance with Section 15.4.3.

* + 1. Dispatch Notices. Subject to the Availability Notices delivered by Seller hereunder, Buyer and CAISO will each have the right to dispatch the Energy Storage System for charging or discharging seven (7) days per week and twenty-four (24) hours per day (including holidays), by providing Dispatch Notices and Updated Dispatch Notices to Seller electronically (in the forms attached to this Agreement in Appendix 15.4.3 or such other form as may be agreed to by the Parties in the Operating Procedures), and subject to the requirements and limitations set forth in this Agreement and the Operating Restrictions. Subject to Section 15.7, each Dispatch Notice will be effective unless and until Buyer modifies such Dispatch Notice by providing Seller with an Updated Dispatch Notice. If an electronic submittal is not possible for reasons beyond Buyer’s or Seller’s control, Buyer may provide Dispatch Notices and Updated Dispatch Notices by (in order or preference) electronic mail, telephonically, or facsimile transmission to Seller’s personnel designated to receive such communications, as provided by Seller in writing. In addition to any other requirements set forth or referred to in this Agreement, all Dispatch Notices and Updated Dispatch Notices will be made in accordance with Market Notice Timelines for dispatches as specified in the Tariff. In dispatching the Energy Storage System, Buyer, as Scheduling Coordinator for the Energy Storage System, shall assume a Round-Trip Efficiency Rate equal to the then most-recent Tested Round-Trip Efficiency Rate. During the Term, Seller shall not operate an Energy Storage System (including the charging and discharging of Energy) other than (a) as dispatched by Buyer or CAISO or (b) for testing of the Energy Storage System in accordance with Article 7.
  1. CAISO Dispatch.

Any dispatch by the CAISO for any reason, whether pursuant to an RMR Contract or in connection with any Seller’s must-offer obligations or otherwise, shall be deemed to be dispatches by Buyer, and the Energy dispatched is for Buyer’s benefit hereunder, and Buyer shall pay all associated costs for such CAISO dispatches in accordance with the terms of this Agreement as if such dispatches were directed by Buyer. Buyer shall be entitled to receive and retain for its own account any and all CAISO revenue for such dispatches, including without limitation any availability payments under an RMR Contract for the Project.

* 1. Failure to Comply with Dispatch Notices.

If Seller fails to comply with a Dispatch Notice (or Updated Dispatch Notice) that is in compliance with this Agreement, then, to the extent of the deviation resulting from such failure, Seller shall pay Buyer an amount equal to the sum of (A) + (B) + (C), where: (A) is the amount, if any, paid to Seller by Buyer for any excess Delivered Energy caused by such failure to comply (for example, the Energy Price), and (B) is all Imbalance Energy costs or charges (excluding any revenues or credits) associated therewith, and (C) is any penalties, charges, or other direct economic losses resulting from Seller’s failure to comply with the Dispatch Notice.

* 1. Operating Restrictions.

All Operating Restrictions associated with the Product are specified on Appendix 1.1 and are subject to change from time to time based on changes in Applicable Laws or Required Permits, in each case, occurring after the CP Satisfaction Date. If Buyer submits a Dispatch Notice or an Updated Dispatch Notice that does not conform with the Operating Restrictions, then Seller shall notify Buyer of the non-conformity, and Buyer will modify its Dispatch Notice or Updated Dispatch Notice to conform to the applicable Operating Restrictions. Until such time as Buyer submits a modified Dispatch Notice or Updated Dispatch Notice, Seller shall deliver the Product in accordance with the Operating Restrictions.

* 1. Daily Operating Report.

Seller shall provide Buyer the Daily Operating Report, as attached in Appendix 15.8, the day immediately after each operating day, for the Generation Facility and Energy Storage System.

* 1. Writing Requirements.

In documenting and confirming Dispatch Notices, conversations between the Parties’ personnel and contractors may be recorded by tape or other electronic means and any such recording will satisfy any “writing” requirements under Applicable Law.

* 1. Communication Protocols.

Parties shall agree to the communication protocols outlined in Appendix 15.10 to facilitate exchange of information between the parties.

* 1. Operating Procedures.

No later than forty-five (45) days before the Initial Delivery Date of the Project, and from time to time thereafter as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Scheduled Outage reporting; (4) procedures for delivery forecasting; (5) charging and discharging procedures; (6) procedures for record keeping; (7) Scheduling procedures; and (8) invoicing and payment procedures; *provided*, that the failure to agree on these operating procedures (“Operating Procedures”) will not relieve the Parties of their respective obligations under this Agreement, and any failure to agree shall be resolved in accordance with the dispute resolution procedures in Article 22.

* 1. Standards of Care.
     1. CAISO and WECC Standards. Each Party shall perform all generation, scheduling and transmission services in compliance with all applicable (a) operating policies, criteria, rules, guidelines, tariffs and protocols of the CAISO, (b) WECC scheduling practices and (c) Accepted Electrical Practices.
     2. . Reliability Standard. Seller agrees to abide by all (a) NERC, WECC and CAISO reliability requirements, including all such reliability requirements for generator owners and generator operators, and, if applicable, CPUC General Order No.167, “Enforcement of Maintenance and Operation Standards for Electrical Generating Facilities,” and (ii) all applicable requirements regarding interconnection of the Project, including the requirements of the interconnected Transmission Provider.
  2. Co-Located Projects.

The Parties acknowledge that this Agreement, including Articles 15 and 16, anticipate that the Generation Facility and Energy Storage System will be “co-located” with separate resource IDs for the Generation Facility and Energy Storage System.

1. METERING, COMMUNICATIONS, and TELEMETRY
   1. Electric Metering, Communication, Telemetry, and Access.

Seller shall install, activate and maintain metering, communication and telemetry equipment as required by the Tariff, this Agreement, and Seller’s [Large/Small] Generator Interconnection Agreement, including without limitation, the installation of separate CAISO revenue meters as necessary to ensure a separate resource ID with the CAISO for the Generation Facility and Energy Storage System, separate communication equipment for the Generation Facility and Energy Storage System, and other requirements as may be necessary to permit separate dispatch and identification of costs for the Generation Facility and Energy Storage System. Communication equipment must be capable at a minimum of supporting the Communication Protocols in Appendix 15.8. Seller shall provide Buyer access to the information provided to CAISO under the Tariff.

* + 1. Testing and Calibration. Seller shall perform or cause to be performed, at its expense, annual testing and calibration of the electric meters in accordance with Accepted Electrical Practices and the Tariff. Seller shall give Buyer reasonable advance notice of any inspection, testing or calibration of the electric meters. Buyer shall have the right to have a representative or designee present at such inspection, test or calibration of the electric meters. Buyer shall have the right to require, at Buyer’s expense, except as required below, a test of any of the electric meters not more often than two (2) times every twelve (12) months.
    2. Inaccurate Meters. If any of the electric meters is deemed to be inaccurate under the Meter Service Agreement, deliveries shall be measured by reference to Seller’s check-meters, if any are installed and registering accurately, or the meter readings for the period of inaccuracy shall be adjusted as far as can be reasonably ascertained by Seller from the best available data, subject to review and reasonable approval by Buyer. If the period of the inaccuracy cannot be ascertained reasonably, any such adjustment shall be for a period equal to one-half of the time elapsed since the preceding test by applying the percentage of inaccuracy so found. Seller shall promptly cause such electric meters to be corrected and, where such inaccuracy under the terms of the Meter Service Agreement was determined pursuant to a test required by Buyer, Seller shall bear the expense of any such test.
    3. MWh Adjustments. In the event that, due to correction for inaccurate electric meters deemed to be inaccurate under the Meter Service Agreement, the Delivered Energy is increased or decreased, the revised Delivered Energy shall be used for purposes of calculating payments. If any of such amounts for any period have already been calculated using the previous amount of Delivered Energy, they shall be recalculated using the revised amount of Delivered Energy. If the recalculation changes the amount payable for the period in question, revised payments shall be made by Buyer or Seller, as applicable, in accordance with Section 10.3.
  1. Real-Time Telemetry.

Seller shall install, activate and maintain metering, communication and telemetry equipment for the Generation Facility and Energy Storage System in a centralized system to which Buyer shall have real time access. Seller shall link its system to Buyer via an approved Buyer communication network, utilizing existing industry standard network protocol, as reasonably approved by Buyer. Seller shall correct any problems with such equipment as soon as practicable.

* 1. Retail Electric Meter.

To the extent the Project is not designed in a manner which allows or requires it to serve Station Use, then during the Delivery Period, Seller shall have installed and maintained an electric retail meter as further described in Appendix 1.2.2 in accordance with the Project’s applicable retail electric service provider’s tariff rules for retail electric service. **[*Parties to discuss Station Use*]**

1. OUTAGES
   1. Scheduled Outages.
      1. No later than July 1 of each calendar year during the Delivery Period, and at least sixty (60) days prior to the anticipated Initial Delivery Date, Seller shall submit to Buyer Seller’s schedule of proposed Scheduled Outages (“Outage Schedule”) for the Generation Facility and Energy Storage System for the following calendar year in a form reasonably agreed to by Buyer. Within twenty (20) Business Days after its receipt of an Outage Schedule, Buyer shall notify Seller in writing of any reasonable request for changes to the Outage Schedule, and Seller shall, consistent with Industry Standards, accommodate Buyer’s requests regarding the timing of any Scheduled Outage. Seller may propose changes to any previously scheduled outage fifteen (15) days prior to such scheduled outage. Buyer shall review each such change and shall advise Seller within three (3) days of Buyer’s receipt thereof, in Buyer’s sole discretion but consistent with Industry Standards and Accepted Electrical Practices, whether such change is acceptable or Buyer may propose alternate dates for the requested scheduled maintenance. Seller shall cooperate with Buyer to arrange and coordinate all Scheduled Outages with the CAISO. Seller will communicate to Buyer all changes to a Scheduled Outage and estimated time of return of the Project as soon as practicable after the condition causing the change becomes known to Seller.
      2. If reasonably required in accordance with Accepted Electrical Practices, Seller may perform maintenance at a different time than maintenance scheduled pursuant to Section 17.1.1. Seller shall provide Notice to Buyer within the time period determined by the CAISO, as a “Resource Adequacy Resource” that is subject to the Availability Standards, to qualify for an “Approved Maintenance Outage” under the Tariff (or such shorter period as may be reasonably acceptable to Buyer based on the likelihood of dispatch by Buyer), and Seller shall limit maintenance repairs performed pursuant to this Section 17.1.2 to periods when Buyer does not reasonably believe the Generation Facility or Energy Storage System, as applicable, will be dispatched.
   2. No Scheduled Outages During Summer Months.

Except as scheduled by the Parties under Section 17.1.2, no outages shall be scheduled or planned from June 1 through October 31 during each year of the Delivery Period. In the event that the Seller has a previously Scheduled Outage that becomes coincident with a CAISO-declared system emergency, Seller shall make all reasonable efforts to reschedule such Scheduled Outage.

* 1. Notice of Unscheduled Outages.

Seller shall notify Buyer by telephoning Buyer’s Dispatch Desk no later than ten (10) minutes following the occurrence of an Unscheduled Outage of the Generation Facility or Energy Storage System, or if Seller has knowledge that an Unscheduled Outage thereof will occur, within twenty (20) minutes of determining that such Unscheduled Outage will occur, utilizing an outage notification form reasonably prescribed by Buyer by Notice to Seller. Seller shall relay outage information to Buyer as required by the Tariff within twenty (20) minutes of the Unscheduled Outage and to CAISO in accordance with the outage notification requirements of the Tariff. Seller will communicate to Buyer the estimated time of return of the Generation Facility or Energy Storage System, as applicable, as soon as practical after Seller has knowledge thereof. Seller shall be responsible for all outage coordination communications with the CAISO.

* 1. Inspection.

In the event of an Unscheduled Outage, Buyer shall have the option to inspect the Project and all records relating thereto on any Business Day and at a reasonable time and Seller shall reasonably cooperate with Buyer during any such inspection. Buyer shall comply with Seller’s safety and security rules and instructions during any inspection and shall not interfere with work on or operation of the Project.

* 1. Reports of Outages.

Seller shall promptly prepare and provide to Buyer, all reports of Unscheduled Outages or Scheduled Outages that Buyer may reasonably require for the purpose of enabling Buyer to comply with CAISO requirements or any Applicable Laws. Seller shall also report all Unscheduled Outages or Scheduled Outages in the Daily Operating Report.

1. FORCE MAJEURE
   1. No Default for Force Majeure.

A Party shall not be in default in the performance of its obligations under this Agreement when and to the extent that the failure or delay of its performance is due to an event of Force Majeure. However, a failure to make payments when due shall not be excused; except to the extent such failure is caused solely by a Force Majeure event that disables physical or electronic facilities necessary to transfer funds to the payee Party.

* 1. Force Majeure Claim.

If, because of a Force Majeure, either Party is unable to perform its obligations under this Agreement, such Party shall be excused from whatever performance is affected by the Force Majeure only to the extent so affected. The following procedure shall apply in the event there occurs a Force Majeure:

* + - 1. The Claiming Party, as soon as reasonably practical (but in no event more than five (5) Business Days after the occurrence of such Force Majeure), shall give the other Party written Notice describing the particulars of the occurrence; *provided*, that the failure to timely provide such Notice as required pursuant to this Section 18.2(a) shall constitute an irrevocable waiver of the right of the Claiming Party to declare a Force Majeure under this Section 18.2 with respect to any such Force Majeure for which notice is not timely provided pursuant to this Section 18.2(a);
      2. The Claiming Party, within five (5) Business Days of providing Notice of occurrence of the Force Majeure under clause (a) above, shall provide evidence reasonably sufficient to establish that the occurrence constitutes a Force Majeure as defined in this Agreement;
      3. The suspension of performance shall be of no greater scope and of no longer duration than is required by the Force Majeure;
      4. The Claiming Party shall use commercially reasonable efforts to remedy its inability to perform as soon as possible. This subsection shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Claiming Party, are contrary to its interest. The Parties agree and understand that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Claiming Party; and
      5. As soon as Claiming Party is able to resume performance of its obligations under this Agreement, it shall do so and shall promptly give the other Party Notice of this resumption.
  1. Termination for Force Majeure.

If any Force Majeure event shall suspend performance by a Claiming Party for more than six (6) months from the date of Notice provided by such Claiming Party in Section 18.2(a), then, unless such Force Majeure event was caused by the Event of Default of the other Party or other delay or failure of the other Party in performing a material obligation under this Agreement, such other Party may, at any time following the end of such six (6)-month period, terminate this Agreement upon thirty (30) days prior written Notice to the Claiming Party, without further obligation by the terminating Party, except as to the payment of any costs and liabilities incurred prior to the effective date of such termination. Except to the extent Buyer may be entitled to Daily Delay Damages under Section 2.10.1, if this Agreement is terminated by Buyer under this Section 18.3, then within five (5) days following such termination, Buyer shall return to Seller any and all Letters of Credit, cash deposit, or any other forms of security or credit support previously provided by Seller and held at that time by Buyer.

1. REPRESENTATIONS, WARRANTIES AND COVENANTS
   1. Representations and Warranties of Both Parties.

As of the Effective Date and/or the CP Satisfaction Date (as applicable), each Party represents and warrants to the other Party that:

* + 1. It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
    2. As of the CP Satisfaction Date, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, other than with respect to Seller, any of those Required Permits that satisfy all of the following: it is not required prior to the start of construction of the Project, it is not subject to the discretionary action of the applicable Governmental Authority, and it otherwise can be obtained in the ordinary course of business;
    3. The execution, delivery and performance of this Agreement are within its power, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any Applicable Laws;
    4. This Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;
    5. 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;
    6. Except as may be set forth in its reports filed with the SEC, there is not pending or, to its knowledge, threatened against it or in Seller’s case, Guarantor, if applicable, any legal proceedings that could materially adversely affect such party’s ability to perform its obligations under this Agreement or the Guaranty Agreement, as applicable;
    7. 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;
    8. 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;
    9. It is a “forward contract merchant” within the meaning of the United States Bankruptcy Code and an “eligible contract participant” within the meaning of the Commodity Exchange Act;
    10. It has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Product under this Agreement; and
    11. As of the Effective Date, it is not subject to an event of Force Majeure.
  1. Additional Representations and Warranties of Seller.

Seller represents, warrants and covenants to Buyer that:

* + 1. As of the CP Satisfaction Date and subject to Permitted Liens, Seller has Site Control and will maintain Site Control for the remainder of the Term;
    2. Seller will execute a PGA and MSA prior to the Delivery Period, Seller will deliver to Buyer a true and complete copy of such PGA and MSA, and such PGA and MSA, as originally executed by Seller, shall remain in full force and effect throughout the entire Delivery Period, subject to such amendments or modifications as are deemed desirable or necessary by Seller and the CAISO, subject to approval of such amendments or modifications by Buyer, which approval shall not be unreasonably delayed or withheld;
    3. Seller will execute all necessary grid connection, maintenance, or transmission facility services agreements prior to the commencement of the Delivery Period, Seller will deliver to Buyer a true and complete copy of such agreements, and such agreements, as originally executed by Seller, shall remain in full force and effect throughout the entire Delivery Period, subject to such amendments or modifications as are deemed desirable or necessary by Seller and the counter-party to such agreements, subject to approval of such amendments or modifications by Buyer, which approval shall not be unreasonably delayed or withheld;
    4. Throughout the Delivery Period that: (a) the Generation Facility and Energy Storage System qualifies and is certified by the CEC as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (b) the output of the Generation Facility and Energy Storage System delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard;
    5. Throughout the Delivery Period the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in CPUC Decision 08-08-028, and as may be modified by subsequent decision of the CPUC or by subsequent legislation; and
    6. As of the Effective Date, Seller has not used, granted, pledged, assigned or otherwise committed to deliver during the Delivery Period any Contract Capacity of the Project to meet the Resource Adequacy requirement of, or confer Resource Adequacy Benefits upon, any entity other than Buyer.
    7. Seller has considered long-term climate risks to the Project as required by Ordering Paragraph 14 of CPUC decision D.20-08-046.
  1. Additional Covenants of Both Parties.

Each Party covenants that through the Delivery Period:

* + 1. It shall continue to be duly organized, validly existing and in good standing under the Applicable Laws of the jurisdiction of its formation;
    2. It shall maintain (or obtain from time to time as required, including through renewal, as applicable, prior to such performance) all Governmental Authority approvals and Required Permits necessary for it to legally perform its obligations under this Agreement;
    3. It shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions of its governing documents, any contracts to which it is a party or any Applicable Law; and
    4. It shall not dispute its status as a “forward contract merchant” within the meaning of the United States Bankruptcy Code.
  1. Seller’s Affirmative Covenants.
     1. Seller shall maintain and preserve its existence as a [limited liability company] formed under the laws of the State of [\_\_\_\_\_] and all material rights, privileges and franchises necessary or desirable to enable it to perform its obligations under this Agreement.
     2. Seller shall, from time to time as requested by Buyer, execute, acknowledge, record, register, deliver and/or file all such notices, statements, instruments and other documents as may be necessary or advisable to render fully valid and enforceable under all Applicable Laws the rights, liens and priorities of Buyer with respect to its Priority Security Interest furnished pursuant to this Agreement.
     3. Seller covenants throughout the Delivery Period that Seller shall maintain ownership of a fee, easement, long-term leasehold interest, or other similar asset ownership interest in the Project.
  2. Seller’s Negative Covenants.
     1. Except for Permitted Liens, Seller shall not create, incur, assume or suffer to be created by it or any subcontractor, employee, laborer, materialman, other supplier of goods or services or any other person any lien on Seller’s interest in the Site, the Project, or any part thereof or interest therein. Seller shall promptly pay or discharge, or shall cause its contractors to promptly pay and discharge, and discharge of record, any such lien for labor, materials, supplies or other obligations upon Seller’s interest in the Site, the Project, or any part thereof or interest therein, unless Seller is disputing any such lien in good faith and only for so long as it does not create an imminent risk of a sale or transfer of the Site, the Project or a material part thereof or interest therein. Seller shall promptly notify Buyer of any attachment or imposition of any lien against Seller’s interest in the Site, the Project, or any part thereof or interest therein. Seller shall not hold any material assets, become liable for any material obligations or engage in any material business activities other than directly associated with the development, construction, ownership or operation of the Project.
     2. Seller shall not own, form or acquire, or otherwise conduct any of its activities through, any direct or indirect subsidiary.
     3. Seller will not use, grant, pledge, assign or otherwise commit to deliver during the Delivery Period any Contract Capacity of the Project to meet the Resource Adequacy requirement of, or confer Resource Adequacy Benefits upon, any entity other than Buyer.
     4. Seller shall not charge or discharge the Energy Storage System other than (a) as dispatched by Buyer or CAISO pursuant to Article 15, or (b) pursuant to a test in accordance with Article 7.
  3. Additional Representations, Warranties and Covenants of Buyer.

Buyer represents, warrants, and covenants to Seller that:

* + 1. Buyer shall cooperate with Seller to obtain approval(s) from any applicable Governmental Authorities with respect to governmental approvals needed by Seller.
    2. Buyer shall ensure that Buyer personnel that enter the Site for any reason shall comply at all times with the safety and security procedures established by Seller and Seller’s contractor(s).
    3. Buyer shall not schedule, or allow the CAISO or any third party to schedule, the Project in violation of the Operating Restrictions or as otherwise not permitted in this Agreement.
    4. Buyer, in its role as Scheduling Coordinator, shall not violate the Tariff or Industry Standards, or any combination of the foregoing.

1. LIMITATIONS
   1. Limitation of Remedies, Liability and Damages.

THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY PRODUCT, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURE OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. UNLESS EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT, FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY (OTHER THAN INJUNCTIVE RELIEF AS PROVIDED IN THIS AGREEMENT) ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR’S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES TO BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY (OTHER THAN INJUNCTIVE RELIEF AS PROVIDED IN THIS AGREEMENT) 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, WHATSOEVER UNDER ANY THEORY, INCLUDING WITHOUT LIMITATION, BY STATUTE, IN TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE, (PROVIDED THAT THE FOREGOING EXCLUSION SHALL NOT PRECLUDE RECOVERY BY A PARTY OF THE TERMINATION PAYMENT OR ANY LIQUIDATED DAMAGES EXPRESSLY HEREIN PROVIDED, NOR SHALL IT BE CONSTRUED TO LIMIT RECOVERY BY AN INDEMNITEE UNDER ANY INDEMNITY PROVISION IN RESPECT OF A THIRD PARTY CLAIM), RESULTING FROM A PARTY’S PERFORMANCE OR NONPERFORMANCE OF ITS OBLIGATIONS UNDER OR TERMINATION OF THIS AGREEMENT. THE PARTIES INTEND THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. NOTHING IN THIS SECTION PREVENTS OR IS INTENDED TO PREVENT BUYER FROM PROCEEDING AGAINST OR EXERCISING ITS RIGHTS UNDER THE SECURITY DOCUMENTS.

* 1. No Representation by Buyer.

Any review by Buyer of the Project or changes thereto, including, but not limited to, the design, construction or refurbishment, operation or maintenance of the Project, or otherwise, is solely for Buyer’s information. By making such review, Buyer makes no representation as to the economic and technical feasibility, operational capability, or reliability of the Project, and Seller shall in no way represent to any third party that any such review by Buyer of the Project, including, but not limited to, any review of the design, construction or renovation, operation, or maintenance of the Project by Buyer constitutes any such representation by Buyer. Seller is solely responsible for the economic and technical feasibility, operational capability, and reliability of the Project.

1. RECORDS
   1. Performance under this Agreement.

Each Party and its Representatives shall maintain records and supporting documentation relating to this Agreement, the Project, and the performance of the Parties hereunder in accordance with, and for the applicable time periods required by, all Applicable Laws, but in no event less than three (3) years after final payment is made under this Agreement.

* 1. Sarbanes-Oxley and Securities and Exchange Commission Requirements.

The Parties acknowledge that accounting principles generally accepted in the United States of America (“GAAP”) and SEC rules require Buyer and its independent auditor to evaluate whether Buyer must consolidate Seller’s financial information (but not financial information of Seller’s constituent members unless deemed to be included in the entity under GAAP). Buyer will require access to certain records, including but not limited to financial records, and personnel of Seller to determine if consolidated financial reporting is required. If Buyer and its independent auditor determine at any time that the Buyer must consolidate the Seller’s financial statements to comply with GAAP and/or SEC rules regarding consolidated financial reporting, then:

* + - 1. Buyer shall require from Seller and Seller agrees to provide to Buyer the following during the Term of this Agreement:
         1. Unaudited financial statements of the Seller prepared in accordance with GAAP as of the end of the quarterly period. The financial statements should include quarter to date and year to date information and are to be provided within fifteen (15) calendar days of the end of the applicable reporting period (or the Business Day thereafter);
         2. Unaudited financial schedules of the Seller, as deemed necessary for Buyer to prepare its consolidated financial statements and related footnotes to the financial statements in accordance with GAAP as of the end of the quarterly period. The financial schedules should include quarter to date and year to date information underlying the financial statements and footnotes to the financial statements and are to be provided within fifteen (15) calendar days of the end of the applicable reporting period (or the Business Day thereafter);
         3. Access to Seller’s accounting and other records, and accounting and management personnel as reasonably determined by both Buyer and Seller so that (A) Buyer’s independent auditor or its internal auditors may conduct financial audits (in accordance with the standards of the Public Company Accounting Oversight Board (United States)) as well as internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002) and (B) Buyer can be provided analytical information, as needed, to enable Buyer to meet its SEC filing requirements, including but not limited to those under Item 2 on Form 10-Q, and Item 7 on Form 10-K, “Management’s Discussion and Analysis of Financial Condition and Results of Operations;”
         4. Upon the request of Buyer, such certifications by a duly authorized representative(s) of Seller as may be reasonably requested by Buyer (which certifications shall presumptively be reasonable if the certifications are substantially identical to those required by Buyer or its parent of business units of Buyer or its parent); and
         5. As reasonably requested by Buyer, such information or schedules, similar to the items noted in clauses (i)-(iv) above, to enable Buyer to prepare consolidated financial statements and schedules as may be required for Buyer to obtain financing or to prepare other reports as required by regulatory bodies, such as the SEC, for periods other than as of the end of the monthly, quarterly or year to date periods then ended.
      2. If Buyer (i) in its sole discretion determines that the financial statements of the Seller would be considered material to the Buyer or its parent company’s financial statements, financial condition, or internal controls over financial reporting, and (ii) reasonably determines Seller’s internal controls over financial reporting are not operating effectively or have resulted in a control deficiency, Buyer shall provide Notice to Seller. Upon receipt of such Notice, Seller will have thirty (30) days to remediate any deficiency in Seller’s internal controls over financial reporting identified by the Buyer, which Buyer and Buyer’s independent auditor deem to be necessary to ensure Seller’s internal controls over financial reporting are adequate, during or as a result of the audits permitted under Section 21.2(a)(iii) or any other.
      3. As soon as possible, but in no event later than two (2) Business Days following any occurrence that would affect Seller in any material way, Seller shall provide to Buyer a Notice describing such occurrence in sufficient detail to permit the Buyer to file a report on SEC Form 8-K. Such occurrences include all reportable events on the then current Form 8-K that applies to Buyer and its parent company at such time, including but not limited to a material acquisition or disposition of assets, a material direct financial obligation or off-balance sheet financing arrangement, material litigation, and the execution or termination of a material contract.
      4. Any information provided to Buyer shall be treated as Confidential Information except that it may be disclosed in connection with the preparation, review, certification and publication of Buyer’s financial statements.
      5. Seller shall notify Buyer at any time during the term of this Agreement of any services provided or proposed to be provided to Seller by Buyer’s independent auditor. Seller, and any of Seller’s Affiliates, are prohibited from engaging Buyer’s independent auditor for any services or in any consulting agreement without the express written consent of partner in charge of Buyer’s independent audit.
  1. Other Regulatory and Governmental Requirements.

At Buyer’s request, Seller shall maintain and deliver to Buyer copies of records and supporting documentation with respect to the Project that Seller is not already required to maintain or deliver under Sections 21.1 and 21.2, in order to comply with all Applicable Laws.

* 1. Audit Rights.

Either Party shall have the right, at its sole expense and during normal working hours, to audit the documents, records or data of the other Party to the extent reasonably necessary to verify the accuracy of any statement, claim, charge or calculation made pursuant to this Agreement. Each Party shall promptly comply with any reasonable request by the other Party and provide copies of such documents, records or data to the requesting Party. The rights and obligations under this Section 21.4 shall survive the termination of this Agreement for a period of two (2) years.

1. DISPUTES
   1. Intent of the Parties.

Except as provided in the next sentence, the sole procedure to resolve any claim arising out of or relating to this Agreement or any related agreement is the dispute resolution procedure set forth in this Article 22. Either Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case both Parties nonetheless will continue to pursue resolution of the dispute by means of the dispute resolution procedure set forth in this Article 22.

* 1. Management Negotiations.
     1. The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any related agreements by prompt negotiations between each Party’s authorized representative designated in writing as a representative of the Party (each a “Manager”). Either Manager may, by Notice to the other Party, request a meeting to initiate negotiations to be held within ten (10) Business Days of the other Party’s receipt of such request, at a mutually agreed time and place (either in person or telephonically). If the matter is not resolved within fifteen (15) Business Days of their first meeting (“Initial Negotiation End Date”), the Managers shall refer the matter to the designated senior officers of their respective companies that have authority to settle the dispute (“Executive(s)”). Within five (5) Business Days of the Initial Negotiation End Date (“Referral Date”), each Party shall provide one another Notice confirming the referral and identifying the name and title of the Executive who will represent the Party.
     2. Within five (5) Business Days of the Referral Date, the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet, as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
     3. All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.
     4. If the matter is not resolved within forty-five (45) days of the Referral Date, or if the Party receiving the Notice to meet, pursuant to Section 22.2.1 above, refuses or does not meet within the ten (10) Business Day period specified in Section 22.2.1 above, either Party may initiate arbitration of the controversy or claim by providing Notice of a demand for binding arbitration at any time thereafter.
  2. Arbitration.
     1. Any dispute that cannot be resolved by management negotiations as set forth in Section 22.2 above shall be resolved through binding arbitration by a retired judge or justice from the AAA panel conducted in San Diego, California, administered by and in accordance with AAA’s Commercial Arbitration Rules (“Arbitration”).
     2. Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in AAA’s Commercial Arbitration Rules.
     3. At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.
     4. The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.
     5. The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.
     6. The arbitrator’s award shall be made within nine (9) months of the filing of the Notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.
     7. Judgment on the award may be entered in any court having jurisdiction.
     8. The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.
     9. The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.
     10. The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.
     11. The existence, content, and results of any Arbitration hereunder is Confidential Information that is subject to the provisions of Section 24.1.
  3. WAIVER OF JURY TRIAL.
     1. THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING UNDER THIS AGREEMENT TO THE EXTENT SUCH WAIVER IS CONSISTENT WITH APPLICABLE LAW.
  4. Attorneys’ Fees. In any proceeding brought to enforce this Agreement or because of the breach by any Party of any covenant or condition herein contained, the prevailing Party shall be entitled to reasonable attorneys’ fees (including reasonably allocated fees of in-house counsel) in addition to court costs and any and all other costs recoverable in said action.

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

The provisions of this Article 23 shall not be construed to relieve any insurer of its obligations to pay any insurance claims in accordance with the provisions of any valid insurance policy.

* 1. Survival.

All indemnity rights shall survive the termination of this Agreement.

1. CONFIDENTIALITY/REGULATORY DISCLOSURE
   1. Confidentiality.
      1. General. Neither Party shall disclose the non-public terms or conditions of this Agreement or any transaction hereunder to a third party, other than (i) the Party’s Affiliates and its and their officers, directors, employees, Lenders, counsel, accountants or advisors who have a need to know such information and have agreed to keep such terms confidential, (ii) for disclosure to the Buyer’s Procurement Review Group, as defined in CPUC Decision (D) 02-08-071, subject to a confidentiality agreement, (iii) to the CPUC under seal for purposes of review, (iv) disclosure of terms specified in and pursuant to Section 24.1.2; (v) in order to comply with any Applicable Law, regulation, or any exchange, control area or CAISO rule, or order issued by a court or entity with competent jurisdiction over the disclosing Party (“Disclosing Party”), other than to those entities set forth in clause (vii); (vi) to a Qualified Assignee subject to an appropriate non-disclosure agreement; or (vii) in order to comply with any applicable regulation, rule, or order of the CPUC, CEC, or the Federal Energy Regulatory Commission. In connection with requests made pursuant to clause (v) of this Section 24.1.1 (“Disclosure Order”) each Party shall, to the extent practicable, use reasonable efforts to prevent or limit such disclosure. After using such reasonable efforts, the Disclosing Party shall not be (i) prohibited from complying with a Disclosure Order or (ii) liable to the other Party for monetary or other damages incurred in connection with the disclosure of the confidential information. Except as provided in the preceding sentence, the Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation.
      2. Specific Terms. Notwithstanding Section 24.1.1, at any time on or after the date on which the Buyer makes its filing seeking CPUC Approval of this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Period, Project location, Contract Capacity, Guaranteed Initial Delivery Date and Energy Delivery Point.
      3. Publicity. Except as otherwise agreed to in this Section 24.1, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.
   2. Ownership of Information.

All Confidential Information shall be and remain the property of the Party providing it. Nothing in this Agreement shall be construed as granting any rights in or to Confidential Information to the Party or Representatives receiving it, except the right of use in accordance with the terms of this Agreement.

* 1. Enforcement.

The Parties agree that irreparable damage would occur if the confidentiality obligations under this Agreement were not performed in accordance with its terms or were otherwise breached. Accordingly, a Party will be entitled to seek an injunction or injunctions to prevent breaches of this Article 24 and to enforce specifically its provisions in any court of competent jurisdiction, in addition to any other remedy to which the Party may be entitled by law or equity.

1. MISCELLANEOUS
   1. General.

This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. 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. All references to time shall be in Pacific Prevailing Time unless stated otherwise. The headings used herein are for convenience and reference purposes only. This Agreement shall be binding on each Party’s successors and permitted assigns. Each Party agrees if it seeks to amend any applicable wholesale power sales tariff during the term of this Agreement, such amendment will not in any way affect its obligations under the Agreement without the prior written consent of the other Party. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement.

* 1. Notices.

Unless otherwise provided in this Agreement, any Notice shall be in writing to the address provided below and delivered by hand delivery, United States mail, overnight courier service, facsimile, or electronic messaging (e-mail). Notice by facsimile, electronic messaging (e-mail), or hand delivery shall be effective at the close of business on the day received, if the entire document was received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day after it was sent for “next-day delivery” or its equivalent by a nationally-recognized overnight courier or personally delivered. Notice by overnight courier service shall be effective on the next Business Day after it was sent. Notice by United States mail shall be effective on the day it was received. A Party may change its address by providing Notice of same to the other Party in accordance with this Section 25.2.

To Buyer:

San Diego Gas & Electric Company

8315 Century Park Court, CP21D

San Diego, California 92123

Attention: Director of Procurement and Portfolio Design

Telephone: 858-650-6156

Facsimile: 858-650-6191

To Seller:

Attention:

Telephone:

Facsimile:

* 1. Governing Law; Venue.

This Agreement shall be construed under the laws of the State of California without giving effect to choice of law provisions that might apply the laws of a different jurisdiction. The Parties hereby consent to conduct all dispute resolution, judicial actions or proceedings arising directly, indirectly or otherwise in conjunction with, out of, related to or arising from this Agreement in the City of San Diego, California.

* 1. Amendment.

This Agreement can only be amended by a writing signed by both Parties.

* 1. Assignment.

Except as provided in Article 12 above and Sections 25.5.1 and 25.5.2 below, neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld. For purposes hereof, the transfer of at least fifty percent (50%) of the equity ownership or voting interest of Seller (or any parent entity holding directly or indirectly at least fifty percent (50%) of the equity ownership or voting interest of Seller if such interest constitutes more than twenty percent (20%) of the value of such parent entity) to a person that is not an Affiliate of Seller shall also constitute an assignment of this Agreement requiring Buyer’s prior written consent. Notwithstanding the foregoing, Buyer may, without the consent of the Seller (and therefor relieving itself from liability hereunder), assign this Agreement to a Qualified Assignee. Any assignment in violation of this Section 25.5 shall be null and void.

* 1. Further Assurances.

If either Party determines in its reasonable discretion that any further instruments, assurances or other things are necessary or desirable to carry out the terms of this Agreement, the other Party shall execute and deliver all such instruments and assurances and do all things reasonably necessary or desirable to carry out the terms of this Agreement.

* 1. Waiver.

None of the provisions of this Agreement shall be considered waived by either Party unless the Party against whom such waiver is claimed gives the waiver in writing. The failure of either Party to insist in any one instance upon strict performance of any the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishments of such rights for the future, but the same shall continue and remain in full force and effect. Waiver by either Party of any default of the other Party shall not be deemed a waiver of any other default.

* 1. Obligations Surviving Termination.

Except as may be provided or limited by this Agreement, the obligations which by their nature are intended to survive termination of this Agreement, including, without limitation, representations, warranties, covenants and rights and obligations with respect to audits, indemnification, payment and settlement, confidentiality, shall so survive.

* 1. No Third Party Beneficiaries.

This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound by this Agreement).

* 1. Entire Agreement.

Except for the Security Documents, this Agreement, when fully executed, constitutes the entire agreement by and between the Parties as to the subject matter hereof, and supersedes all prior understandings, agreements or representations by or between the Parties, written or oral to the extent they have related in any way to the subject matter hereof. Each Party represents that, in entering into this Agreement, it has not relied upon any promise, inducement, representation, warranty, agreement or other statement that is not set forth in this Agreement.

* 1. Severability.

If any term, section, provision or other part of this Agreement, or the application of any term, section, provision or other part of this Agreement, is held to be invalid, illegal or void by a court or regulatory agency of proper jurisdiction, all other terms, sections, provisions or other parts of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or regulatory agency holds that the provisions are not separable from all other provisions of this Agreement. In the event any such provision of this Agreement is so held invalid, illegal or void, the Parties shall promptly renegotiate in good faith new provisions to restore this Agreement as near as possible to its original intent and effect.

* 1. Forward Contract.

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

* 1. Mobile Sierra.

Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the “public interest” application of the “just and reasonable” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 US 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 US 348 (1956) and clarified by Morgan Stanley Capital Group, Inc. v. Public Util. dist., No. 1 of Snohomish 554 US 527 (2008).

* 1. Independent Contractors.

The Parties are independent contractors. Nothing contained herein shall be deemed to create an association, joint venture, partnership or principal/agent relationship between the Parties hereto or to impose any partnership obligation or liability on either Party. Neither Party shall have any right, power or authority to enter into any agreement or commitment, act on behalf of, or otherwise bind the other Party in any way.

* 1. Counterparts.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any of the signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto by having attached to it one or more signature pages.

* 1. Interpretation.

The term “month” shall mean a calendar month unless otherwise indicated, and a “day” shall be a 24-hour period beginning at 12:00:01 a.m. Pacific Prevailing Time and ending at 12:00:00 midnight Pacific Prevailing Time; *provided* that a “day” may be 23 or 25 hours on those days on which daylight savings time begins and ends. Unless otherwise specified herein, all references herein to any agreement or other document of any description shall be construed to give effect to amendments, supplements, modifications or any superseding agreement or document as then exist at the applicable time to which such construction applies. Capitalized terms used in this Agreement, including the appendices hereto, shall have the meaning set forth in Appendix A, unless otherwise specified. 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. 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. 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. Any reference in this Agreement to any natural person, Governmental Authority, corporation, partnership or other legal entity includes its permitted successors and assigns or to any natural person, Governmental Authority, corporation, partnership or other legal entity succeeding to its functions. All references to dollars are to U.S. dollars.

* 1. No Agency.

This Agreement is not intended, and shall not be construed, to create any association, joint venture, agency relationship or partnership between the Parties or to impose any such obligation or liability upon either Party. Neither Party shall have any right, power or authority to enter into any Agreement, or undertaking for, or act as or be an agent or representative of, or otherwise bind, the other Party.

(Signature page follows)

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

[INSERT SELLER NAME]

By:

Name:

Title:

SAN DIEGO GAS & ELECTRIC COMPANY

By:

Name:

Title:

APPENDIX A  
DEFINITIONS

“AAA” means the American Arbitration Association.

“Accepted Electrical Practices” means those practices, methods, applicable codes and acts engaged in or approved by a significant portion of the electric power industry during the relevant time period, or any of the practices, methods and acts which, in exercise of reasonable judgment in light of the facts known at the time a decision is made, could have been expected to accomplish a desired result at reasonable cost consistent with good business practices, reliability, safety and expedition. Accepted Electrical Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of other, but rather to those practices, methods and act generally accepted or approved by a significant portion of the electric power industry in the relevant region, during the relevant time period, as described in the immediately preceding sentence.

“Accepted Expenditures” has the meaning set forth in Section 1.5.1.

“ADS” means CAISO’s Automatic Dispatching System.

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

“Agreement” means this Renewable Energy and Energy Storage Power Purchase Agreement between Buyer and Seller, and any and all amendments as may be executed between Buyer and Seller from time to time.

“Ancillary Services” means spinning, non-spinning, regulation up, regulation down, frequency regulation, black start, voltage support, and any other ancillary services that the Project is capable of providing from time to time during the Delivery Period, consistent with the Operating Restrictions set forth in Appendix 1.1, as each is defined in the Tariff.**[NOTE to Bidders: please tailor to reflect ancillary services bid.]**

“Ancillary Services Capacity” or “A/S Capacity” means capacity associated with Ancillary Services available to Buyer within the scope of operations allowed Buyer under Section 1.1.3.

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

“Applicable Laws” means all applicable statutes, laws, court decisions, ordinances, rules, order, writ, subpoena or regulations of any Governmental Authority, or the rules or regulations of any exchange or control grid operator.

“Arbitration” has the meaning set forth in Section 22.3.

“Associated Ancillary Services Energy” means the Energy expressed in megawatt-hours (“MWh”) expressly associated with the Ancillary Services Capacity made available from the Energy Storage System at the instruction of the CAISO.

“Associated Energy” means the Energy expressed in megawatt-hours (“MWh”) or kilowatt-hours (“KWh”), expressly associated with Contract Capacity dispatched under this Agreement.

“Availability Incentive Payments” shall mean Availability Incentive Payments as defined in the Tariff or such other similar term as modified and approved by FERC hereafter to be incorporated in the Tariff.

“Availability Notice” means an hourly schedule of the amounts of Available Storage Capacity that the Energy Storage System is expected to be available during each hour of the day to which the Availability Notice pertains, pursuant to Section 15.1.

“Availability Standards” shall mean Availability Standards as defined in the Tariff or such other similar term as modified and approved by FERC hereafter to be incorporated in the Tariff.

“Available Generation Capacity” means the capacity of the Generation Facility, expressed in MWs, that is available to generate Energy.

“Available Storage Capacity” means the amount of Charging Capacity and Discharging Capacity that is available to Buyer under this Agreement from the Energy Storage System on average during an hour.

“Bankrupt” means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it and such petition is not stayed or dismissed within 90 days thereafter, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

“Bundled Green Energy” means, with respect to each Project System, the Generation Facility Bundled Green Energy and Energy Storage System Bundled Green Energy for such Project System, without duplication.

“Business Day” means any day except a Saturday, Sunday, the Friday immediately following the United States Thanksgiving holiday, or a Federal Reserve Bank holiday.

“Buyer” has the meaning set forth in the introductory paragraph hereto.

“Buyer Cost Test” means any test requested by Buyer hereunder.

“CAISO” means the California Independent System Operator, a state chartered, nonprofit, public benefit corporation that controls certain transmission facilities of all Participating Transmission Owners and dispatches certain electric generation units and loads, or any successor entity performing the same functions.

“CAISO Certification” means the certification and testing requirements for a generating unit set forth in the Tariff, including certification and testing for all Ancillary Services (included in this Agreement) and PMAX and PMIN.

“CAISO Charges Invoice” has the meaning set forth in Section 14.4.

“CAISO Grid” means the system of transmission lines, distribution equipment and associated facilities of the Participating Transmission Owners that are within the CAISO’s balancing authority.

“California Energy Commission” or “CEC” means the State Energy Resources Conservation and Development Commission as defined and used in Section 25104 in the California Public Resources Code, Division 15, Energy Conservation and Development (Sections 25000, et seq) or its successor agency.

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

“Charging Capacity” means the maximum dependable operating capability of the Energy Storage System, measured in MWDC, to charge electric energy into a partially or fully discharged storage device. Charging Capacity shall be determined from information obtained from the Energy Storage System’s SCADA as to whether and to the extent that the Energy Storage System is (a) in an emergency, stop, service mode or pause state; (b) in “run” status and faulted; (c) incapable of being controlled or (d) otherwise not fully operational.

“Charging Energy” means, in respect of the Energy Storage System, for a given period of time, the amount of Energy (in MWhDC) used to charge (or recharge) the Energy Storage System during the period as measured by the Metering Equipment at the Charging Energy Delivery Point.

“Charging Energy Capacity” means the maximum amount of energy, in MWhDC, that the Energy Storage System is capable of being charged (assuming the Energy Storage System is fully discharged).

“Charging Energy Delivery Point” means the electrical point between the Generation Facility or the CAISO Grid, as applicable, and Energy Storage System at which the Charging Energy is measured.

“Claiming Party” means the Party claiming a Force Majeure under Article 18.

“Claims” has the meaning set forth in Section 23.1(a).

“Collateral Assignment Agreement” has the meaning set forth in Section 12.1.

“Commencement of Construction” means the day on which all of the following conditions have been satisfied: (a) Seller has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, other than with respect to Seller, any of those Required Permits that satisfy all of the following: it is not required prior to the start of construction of the Project, it is not subject to the discretionary action of the applicable Governmental Authority, and it otherwise can be obtained in the ordinary course of business; (b) Seller has issued a notification to the EPC Contractor to commence work under the EPC Contract, and the EPC Contractor has acknowledged receipt of such notification (“Notice to Proceed”); and (c) Seller has begun, or cause to begin, as part of a continuous program, either the placement, assembly, or installation of facilities or equipment comprising the Project or the conduct of significant site preparation work on the Site, including clearing excavation necessary for the placement, assembly or installation of facilities or equipment comprising the Project.

“Commercial Operation” means that (a) the construction and installation of the Project has been completed in accordance with the Agreement and is ready for commercial operation in compliance with all Applicable Laws, Required Permits, and Accepted Electrical Practices, (b) the Project shall have successfully passed all Commercial Operation Tests at a level that demonstrates Contract Capacity of the Generation Facility of at least the Expected Generation Facility Contract Capacity, Contract Capacity of the Energy Storage System of at least the Expected Energy Storage Contract Capacity, and a Tested Round-Trip Efficiency Rate of the Energy Storage System of at least the Guaranteed Round-Trip Efficiency Rate, and complete test reports have been submitted to Buyer, and (c) Seller shall have delivered a true, correct, and complete Commercial Operation Certificate from Seller, the EPC Contractor, and a Licensed Professional Engineer, as set forth in a written Notice from Seller to Buyer specifying the date on which the requirements described in clauses (a) and (b) were satisfied, as confirmed in each case by Buyer and/or Buyer’s engineer, and including such executed Commercial Operation Certificate; *provided*, however, that such confirmation must be made within twenty-one (21) days after receipt of complete test reports from Seller required pursuant to clause (b) and, if not made within such twenty-one (21) day period, shall be deemed to have been given unless Buyer or Buyer’s engineer shall have provided the reasons for why such requirements have not been satisfied within such twenty-one (21) day period; *provided*, further, that upon such confirmation, Commercial Operation shall be deemed to have been achieved as of the date set forth in such Notice from Seller to Buyer.

“Commercial Operation Certificate” means the certificate of Commercial Operation of the Project to be executed by Seller, the EPC Contractor, and a Licensed Professional Engineer in the form of Appendix B.[[2]](#footnote-3)

“Commercial Operation Test” has the meaning set forth in Section 7.2.

“Compliance Actions” has the meaning se forth in Section 1.5.

“Compliance Deadline” has the meaning se forth in Section 1.5.

“Conditions Precedent” has the meaning set forth in Section 2.4.

“Confidential Information” means any and all non-public proprietary written information, data, analyses, documents, and materials furnished or made available by a Party or its Representatives to the other Party or its Representatives in connection with this Agreement, and any and all analyses, compilations, studies, documents, or other material prepared by the receiving Party or its Representatives to the extent containing or based upon such information, data, analyses, documents, and materials, but does not include information, data, analyses, documents, or materials that (i) are when furnished or thereafter become available to the public other than as a result of a disclosure by the receiving Party or its Representatives in violation of this Agreement, or (ii) are already in the possession of or become available to the receiving Party or its Representatives on a nonconfidential basis from a source other than the disclosing Party or its Representatives, provided that, to the best knowledge of the receiving Party or its Representatives, as the case may be, such source is not and was not bound by an obligation of confidentiality to the disclosing Party or its Representatives, or (iii) the receiving Party or its Representatives can demonstrate has been independently developed without a violation of this Agreement.

“Construction Period Security” has the meaning set forth in Section 11.2.2.

“Contract Capacity” means (a) with respect to the Generation Facility, the full generation capacity of the Generation Facility, and (b) with respect to the Energy Storage System, Charging Capacity and Discharging Capacity of the Energy Storage System, each as determined pursuant to Section 1.1.1.

“Contract Capacity Tests” means the periodic testing of the Contract Capacity of the Energy Storage System pursuant to Section 7.3 and further described in Appendix 7.

“Contract Conditions” means the following ambient (outdoor) temperature ranges: (a) for operation of the Energy Storage System, between [\_\_\_]°C and [\_\_\_]°C during charging, and between [\_\_\_]°C and [\_\_\_]°C during a discharging, and (b) during the storage of Energy, between [\_\_\_]°C and [\_\_\_]°C.

“Contract Quantity” has the meaning set forth in Section 1.1.2(a).

“Contract Year” means a period of twelve (12) consecutive months (except in the case of the first Contract Year which may be longer) with (a) the first Contract Year commencing on the Initial Delivery Date and ending on the last day of the month that is twelve (12) months after the Initial Delivery Date, and (b) each subsequent Contract Year commencing on the anniversary of the first day of the month following the Initial Delivery Date.

“Costs” means with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third party transaction costs and expenses reasonably incurred by the Non-Defaulting Party either in terminating any arrangement pursuant to which it has hedged its obligations under the Agreement or entering into new arrangements which replace the Product, including any costs or penalties imposed upon the Non-Defaulting Party for the loss of Resource Adequacy Benefits or for replacing those Resource Adequacy Benefits.

“CP Satisfaction Date” means the date on which all of the Conditions Precedent have been satisfied (or waived in writing by the applicable Party(ies) described in Section 2.5.1).

“CPUC” means the California Public Utilities Commission or any successor thereto.

“CPUC Approval” means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to the Parties, or either of them, which approves this Agreement in its entirety, including payments to be made by the Buyer and all other relief as may be requested by Buyer in its submittal to the CPUC for approval, subject to CPUC review of the Buyer’s administration of the Agreement.

“Credit Rating” means, with respect to any entity, on the relevant date of determination, the respective ratings then assigned to such entity’s unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancement) by S&P or Moody’s. If a party has outstanding multiple debt or deposit obligations meeting such criteria and differing ratings have been assigned by a single rating agency to such multiple obligations, the lowest of such ratings shall apply. If no rating is assigned to such entity’s unsecured, senior long-term debt or deposit obligations by either S&P or Moody’s, then “Credit Rating” shall mean the general corporate credit rating or long-term issuer rating assigned by S&P or Moody’s, as the case may be.

“Cure Period” has the meaning set forth in Section 2.10.1.

“Daily Delay Damages” means liquidated damages paid by Seller to Buyer in the amount of $[XX,XXX] per day for each day of delay.

“Day-Ahead” has the meaning set forth in the Tariff.

“Day-Ahead Market” has the meaning set forth in the Tariff.

“Day-Ahead Schedule” has the meaning set forth in the Tariff.

“Deemed Delivery Forecast” means either (a) in the case of an Economic Dispatch Down of the type described in clause (a) of the definition of “Economic Dispatch Down”, the VER Forecast amount during such Economic Dispatch Down Period (or if there is no such VER Forecast available during such Economic Dispatch Down Period, the amount of Generation Facility Bundled Green Energy that Seller could reasonably have delivered to Buyer, but was prevented as a result of Economic Dispatch Down as determined by Buyer in a commercially reasonable manner), or (b) in the case of an Economic Dispatch Down of the type described in clause (b) of the definition of “Economic Dispatch Down”, the Real-Time Forecast during such Economic Dispatch Down Period.

“Deemed Generation Facility Bundled Green Energy” means, with respect to the Generation Facility, the amount of Generation Facility Bundled Green Energy that Seller could reasonably have delivered to Buyer at the Energy Delivery Point or to the Project System’s Energy Storage System as Charging Energy, as applicable, but was prevented from so delivering by reason of Economic Dispatch Down during the applicable Economic Dispatch Down Period, the quantity of which shall be equal to (a) the Deemed Delivery Forecast of Energy corresponding to such Economic Dispatch Down period, less (b) any amount of Generation Facility Scheduled Energy during such Economic Dispatch Down Period, less (c) any amount of Energy that was not delivered during such Economic Dispatch Down Period associated with any concurrent Scheduled Outage, Forced Outage, Force Majeure, System Dispatch Down, and/or CAISO fault but only to the extent the Deemed Delivery Forecast does not already reflect the foregoing amount of Energy; *provided that*, if the applicable amount calculated pursuant to the clause above for Deemed Generation Facility Bundled Green Energy is negative is negative, then such Deemed Generation Facility Bundled Green Energy amount shall be zero (0).

“Default Rate” means, for any date, the lesser of (a) the per annum rate of interest equal to the bank prime lending rate as may from time to time be published by the Federal Reserve in their H.15 Statistical Release, Selected Interest Rates (daily) or any successor publication as published by the Board of Governors of the Federal Reserve System, on such date (or if not published on such day on the most recent preceding day on which published), plus two percent (2%), and (b) the maximum rate permitted by Applicable Law. The Federal Reserve H.15 Statistical Release, Selected Interest Rates (daily) may be found at the following address: [www.federalreserve.gov/releases/H15/update](http://www.federalreserve.gov/releases/H15/update).

“Defaulting Party” has the meaning set forth in Section 3.1.

“Delivered Energy” means, in respect of the Project, for a given period of time, the amount of Energy delivered by the Project for Buyer’s account during the period at the Energy Delivery Point for the Project as measured by the Energy Delivery Point Metering Equipment, expressed in MWhAC. Delivered Energy shall be comprised only of Generation Facility Grid Delivered Energy and Energy Storage System Delivered Energy.

“Delivery Excuse” means (i) any Event of Default of Buyer under this Agreement; (ii) the delay or failure by Buyer in performing a material obligation under this Agreement; (iii) the delay or failure of Buyer to deliver Charging Energy or to accept Product as required under this Agreement for whatever reason which failure does not arise in each case as a result of Seller’s non-performance under this Agreement; (iv) the delay or failure by the Participating Transmission Owner in performing a material obligation under any interconnection agreement to which it is a party with Seller, provided Seller assigns to Buyer any claim it may have against the Participating Transmission Owner related to such delay or failure; (v) the delay or failure by the electricity retail service provider in performing a material obligation under any interconnection agreement to which it is a party with Seller, provided Seller assigns to Buyer any claim it may have against the Participating Transmission Owner related to such delay or failure; (vi) any curtailment ordered directly or indirectly from the CAISO (but not including any reduction of deliverable capacity of the Project in accordance with Section 40.4.6.1 or 40.4.2 of the Tariff); and (vii) reductions in Energy Storage Capacity that are consistent with Accepted Electrical Practices that are the result of ambient conditions differing from Contract Conditions.

“Delivery Period” has the meaning set forth in Section 2.8.

“Delivery Period Security” has the meaning set forth in Section 11.2.3.

“Discharging Capacity” means the maximum dependable operating capability of the Energy Storage System, measured in MWAC, to discharge energy from a partially or fully-charged storage device to the CAISO Grid.

“Discharging Energy” means the amount of energy, in MWhAC, that is discharged from the Energy Storage System as measured at the Energy Storage Metering Equipment.

“Discharging Energy Capacity” means the maximum amount of energy, in MWhAC, that is capable of being discharged from the Energy Storage System (assuming the Energy Storage System is Fully Charged).

“Disclosure Order” has the meaning set forth in Section 24.1.1.

“Disclosure Party” has the meaning set forth in Section 24.1.1.

“Dispatch Down Period” means, for the Generation Facility, the period of curtailment of delivery of Product from the Generation Facility resulting from System Dispatch Down or Economic Dispatch Down.

“Dispatch Notice” means the operating instruction, and any subsequent updates (an “Updated Dispatch Notice”), given by Buyer or CAISO to Seller, directing the Generation Facility or the Energy Storage System to deliver Delivered Energy at a specified megawatt output at the Energy Delivery Point or, in the case of an Energy Storage System, receive Charging Energy, in accordance with the procedures set forth in Section 15.3.

“Early Termination Date” has the meaning set forth in Section 3.3.

“Economic Dispatch Down” means curtailment of delivery of Product from the Generation Facility that is the result of any of the following:

* + - 1. Curtailment of the Generation Facility where Buyer either (a) submits (i) a self-schedule of the Generation Facility with a binding Product quantity or (ii) an economic bid in the applicable CAISO market for either the Generation Facility or the Energy Storage System (including in order to charge the Energy Storage System or in order to deliver Ancillary Services from the Energy Storage System), or (b) fails to submit any such schedule or bid for the Generation Facility, for each of (i) and (ii) that when implemented by the CAISO results in an otherwise available Product quantity not scheduled or awarded by the CAISO, except to the extent such curtailment is concurrently the result of a System Dispatch Down, Scheduled Outage, Forced Outage, or Force Majeure, and for the avoidance of doubt Economic Dispatch Down shall include such curtailments that are the result of a Buyer Event of Default or failure by Buyer in performing a material obligation hereunder; or
      2. Curtailment of the Generation Facility resulting from Buyer bidding the delivery of Ancillary Services from the Energy Storage System and, as a result of such Ancillary Services bidding, the Generation Facility receives an order or notification from CAISO to follow the Generation Facility Scheduled Energy but does not otherwise receive a negative SUPP from the CAISO.

“Economic Dispatch Down Period” means the period of time during which there is an Economic Dispatch Down; provided, the duration of any Economic Dispatch Down Period shall be inclusive of the time required for the Generation Facility to ramp down and ramp up.

“Effective Date” is as set forth in the introductory paragraph of this Agreement.

“Efficiency Rate Test” has the meaning as set forth in Section 7.4 and further described in Appendix 7.

“Electric Retail Delivery Point” has the meaning set forth in Section 1.3.2.

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

“Energy” means, with respect to each Project System, all electrical energy generated by the Generation Facility measured in kWh or MWh, or multiple units thereof. Energy shall include without limitation, Charging Energy, Stored Energy, Delivered Energy, Unit Contingent Energy, Associated Energy, Associated Ancillary Services Energy, Supplemental Energy, reactive power, and any other electrical energy products that may be developed or evolve from time to time during the Term.

“Energy Delivery Point” means the point specified in Section 1.3.1.

“Energy Delivery Point Metering Equipment” means, for a Project System, the meters and measuring equipment recognized by the CAISO at the Energy Delivery Point for the Project System, and which measures the Delivered Energy for such Project System delivered to the Energy Delivery Point.

“Energy Storage Capacity” means the Discharging Capacity of an Energy Storage System.

“Energy Storage System” has the meaning set forth in the Recitals.

“Energy Storage System Bundled Green Energy” means, with respect to the Energy Storage System, Energy, Green Attributes, and any other Product, the quantity of which is measured based on the amount of the Energy Storage System Delivered Energy. The quantity of Energy Storage System Bundled Green Energy shall be equal to the lesser of the quantity of (i) the Energy Storage System Delivered Energy, or (ii) the amount of Renewable Energy Credits that are delivered to Buyer in respect of the Energy Storage System Delivered Energy, unless a change in Applicable Laws occurs after the Effective Date that would, absent further action by Seller, change the methodology for determining the amount of Renewable Energy Credits delivered by the Energy Storage System such that the quantity of such Renewable Energy Credits is reduced as compared to the prior methodology, in which case the quantity of Energy Storage System Bundled Green Energy shall be equal to the Energy Storage System Delivered Energy.

“Energy Storage System Delivered Energy” means, with respect to the Energy Storage System, the portion of the Delivered Energy consisting of, or attributable to, Energy discharged from the Energy Storage System, as measured by the Metering Equipment.

“Energy Storage System Metering Equipment” means, for the Energy Storage System, the meters and measuring equipment recognized by the CAISO which measures the Charging Energy delivered to and Energy discharged from the Energy Storage System.

“Energy Storage System Scheduled Energy” means, for a Project System’s Energy Storage System, the Scheduled Energy for the Energy Storage System.

“Environmental Costs” means costs incurred in connection with the acquiring and maintaining all environmental permits and licenses for the Project, and the Project’s compliance with all applicable environmental laws, rules and regulations, , including without limitation capital costs for pollution mitigation or installation of emissions control equipment required to permit or license the Project, all operating and maintenance costs for operation of pollution mitigation or control equipment, costs of permit maintenance fees and emission fees as applicable, and costs associated with the disposal and clean-up of hazardous substances introduced to the site where the Project is located, and the decontamination or remediation, on or off the site, necessitated by the introduction of such hazardous substances on the site.

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

“EPC Contractor” means the entities chosen by Seller to perform the engineering, procurement and construction activities for the Project, if any.

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

“Equivalent Availability Factor” has the meaning set forth in Appendix 9.2.

“Executive(s)” has the meaning set forth in Section 22.2.1.

“Expected Capacity Attributes” means with respect to any particular day of any Showing Month, the Capacity Attributes (in MWs) for such day of such Showing Month, less any reductions to the amount of Capacity Attributes (in MWs) that must be provided for such day as specified in Appendix 1.1.1.

“Expected Energy Storage Contract Capacity” means the expected Energy Storage Capacity of the Energy Storage System, as measured in megawatts (MWAC) at the location of the Energy Delivery Point, as set forth in Appendix 1.1.1.

“Expected Generation Facility Contract Capacity” means the expected maximum generation capacity of the Generation Facility, as measured in megawatts (MWAC) at the location of the Energy Delivery Point, as set forth in Appendix 1.1.1.

“Expenditure” has the meaning set forth in Section 1.4.

“FERC” means the Federal Energy Regulatory Commission, or any division thereof.

“Flexible Capacity” means with respect to any particular Showing Month of the Delivery Period, the MWs of Product which are eligible to satisfy a load-serving entity’s Flexible RAR.

“Flexible RAR” means the flexible capacity requirements established for load-serving entities by the CAISO pursuant to the Tariff, the CPUC pursuant to the Resource Adequacy Rulings, or by any other Governmental Authority.

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

* + - 1. Subject to the foregoing, events that could qualify as Force Majeure include, but are not limited to the following:
         1. acts of God, flooding, lightning, landslide, earthquake, fire, drought, explosion, quarantine ordered by a Governmental Authority in response to disease epidemic, storm, hurricane, tornado, volcano, other natural disaster or unusual or extreme adverse weather-related events;
         2. war (declared or undeclared), riot or similar civil disturbance, acts of the public enemy (including acts of terrorism), sabotage, blockade, insurrection, revolution, expropriation or confiscation; or
         3. except as set forth in subpart (b)(vi) 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).
      2. Force Majeure shall not be based on:
         1. Buyer’s inability economically to use or resell the Product purchased hereunder;
         2. Seller’s ability to sell the Product at a price greater than the price set forth in this Agreement;
         3. Seller’s inability to obtain governmental approvals or other approvals of any type for the construction, operation, or maintenance of the Project, except to the extent Seller’s inability to obtain (or delays in obtaining) approvals is caused by an event of Force Majeure of the specific type described in any of the immediately preceding subsection (a)(i) through (a)(iii) above;
         4. Seller’s inability to obtain (or delays in obtaining) sufficient labor, equipment, materials, or other resources to build or operate the Project, except to the extent Seller’s inability to obtain (or delays in obtaining) sufficient labor, equipment, materials, or other resources is caused by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iii) above;
         5. 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;
         6. a strike, work stoppage or labor dispute that is directed specifically at Seller, Seller’s Affiliates, or the Project;
         7. any equipment failure except to the extent such equipment failure is caused solely by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iii) above;
         8. Seller’s inability to obtain or maintain Site Control;
         9. Any risks, delays or increased costs arising or resulting from any disease epidemic, other than delays caused by a quarantine or shutdown ordered by a Governmental Authority having jurisdiction in respect to such disease epidemic; or
         10. Seller’s inability to obtain interconnection service under its [Large/Small] Generator Interconnection Agreement for the Project.

“Forced Outage” has the meaning set forth in the Tariff.

“Fully Charged” means the state at which the Stored Energy of the Energy Storage System is equal to the Charging Energy Capacity.

“GAAP” has the meaning set forth in Section 21.2.

“Gains” means, with respect to any Party, an amount equal to the present value of the economic benefit to such Party, if any (exclusive of Costs), resulting from the termination and liquidation of the Agreement, determined in a commercially reasonable manner.

“Generation Facility” has the meaning set forth in the Recitals.

“Generation Facility Bundled Green Energy” means, with respect to the Generation Facility, Energy, Green Attributes, and any other Product, the quantity of which is measured based on the amount of the Generation Facility Delivered Energy. The quantity of Generation Facility Bundled Green Energy shall be equal to the lesser of the quantity of (i) the Generation Facility Delivered Energy, or (ii) the amount of Renewable Energy Credits that are delivered to Buyer in respect of the Generation Facility Delivered Energy (or, if any such Generation Facility Delivered Energy is delivered to the Energy Storage System, the amount of Renewable Energy Credits that would reasonably have been expected to be delivered to Buyer in respect of such Generation Facility Delivered Energy if such Generation Facility Delivered Energy had been delivered to the Energy Delivery Point), unless a change in Applicable Laws occurs after the Effective Date that would, absent further action by Seller, change the methodology for determining the amount of Renewable Energy Credits delivered by the Generation Facility such that the quantity of such Renewable Energy Credits is reduced as compared to the prior methodology, in which case the quantity of Generation Facility Bundled Green Energy shall be equal to the Generation Facility Delivered Energy.

“Generation Facility Delivered Energy” means, with respect to the Generation Facility, (i) Generation Facility Grid Delivered Energy and (ii) any Energy generated by the Generation Facility that is delivered by the Project to the Energy Storage System to be used as Charging Energy for the Energy Storage System, as measured by the Metering Equipment in [MWhAC][[3]](#footnote-4).

“Generation Facility Grid Delivered Energy” means Energy generated by the Generation Facility that is delivered by the Project for Buyer’s account at the Energy Delivery Point as measured by the Energy Delivery Point Metering Equipment, expressed in MWhAC.

“Generation Facility Metering Equipment” means, for the Generation Facility, the meters and measuring equipment recognized by the CAISO which measures the Energy generated by the Generation Facility.

“Generation Facility Scheduled Energy” means, for the Generation Facility, the Scheduled Energy for the Generation Facility.

“Generation Management System” or “GMS” means the automated system employed by Buyer’s real-time operations to remotely monitor and dispatch the Energy Storage System.

“Generation Operations Center” or “GOC” means the location of Buyer’s real time operations personnel.

“GEP Damages” means, with respect to a Performance Measurement Period for which there is a GEP Failure Event, an amount equal to the product of (a) the difference of the Guaranteed Energy Production for such Performance Measurement Period, less the sum of Generation Facility Bundled Energy actually delivered to Buyer during such Performance Measurement Period, plus any deemed amounts set forth in the last sentence of Section 1.1.2(a) during such Performance Measurement Period, plus GEP Damages Credited Amounts associated with the immediately-prior Performance Measurement Period (in MWh), multiplied by (b) the Energy Price.

“GEP Damages Credited Amount” means, with respect to a Performance Measurement Period for which there is a GEP Failure Event, the amount (in MWh) calculated for clause (a) of the definition of “GEP Damages” for such Performance Measurement Period, but only to the extent that Seller paid GEP Damages associated with such amounts.

“GEP Failure” has the meaning set forth in Section 1.1.2(a)(i).“Governmental Authority” means any federal, state, local, municipal, or other governmental, executive, administrative, judicial or regulatory entity, and the CAISO or any other transmission authority, having or asserting jurisdiction over a Party, the Project or this Agreement.

“Governmental Charges” has the meaning set forth in Section 13.1.

“Green Attributes” means, subject to the limitations in the final sentence of this definition, any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by Law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state Law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local Law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation, or any other Renewable Energy Incentives, (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.

“Guaranteed Energy Production” has the meaning set forth in Section 1.1.2(a).

“Guaranteed Initial Delivery Date” is the date set forth in Section 2.7 for the Project.

“Guaranteed Round-Trip Efficiency Rate” means the guaranteed Round-Trip Efficiency Rate for the Energy Storage System as set forth in Appendix 1.1.1.

“Guarantor” the entity identified as provided in Section 11.3.3.

[“Guaranty Agreement” means, if a Guarantor has been identified as provided in Section 11.3.3, the guaranty agreement from the Guarantor in a form reasonably acceptable to Buyer.][[4]](#footnote-5)

“Hour-Ahead” has the meaning set forth in the Tariff.

“Hour-Ahead Schedule” has the meaning set forth in the Tariff.

“Imbalance Energy” means, with respect to the Energy Storage System or Generation Facility, the amount of Energy, in any given settlement interval, by which the amount of Energy Storage System Delivered Energy or Generation Facility Grid Delivered Energy (as applicable) deviates from the amount of Energy Storage System Scheduled Energy or Generation Facility Scheduled Energy (as applicable).

“Industry Standards” has the meaning set forth in Section 8.1.1.

“Inflexible Capacity” means with respect to any particular Showing Month of the Delivery Period, the MWs of the Product which are not eligible to satisfy a load-serving entity’s Flexible RAR.

“Initial Delivery Date” has the meaning set forth in Section 2.8.

“Initial Negotiation End Date” has the meaning set forth in Section 22.2.1.

“Interconnection Facilities” means all apparatus installed to interconnect the Project to the Participating Transmission Owner’s or other utility owned or managed electric system or to the CAISO Grid to make available to Buyer the Contract Capacity, Associated Energy, and Resource Adequacy Benefits, including, without limitation, connection, transformation, switching, metering, communications, control, and safety equipment, such as equipment required to protect (a) the Participating Transmission Owner’s electric system (or other system to which the Participating Transmission Owner’s electric system is connected, including the CAISO Grid) and Buyer’s customers from faults occurring at the Project, and (b) the Project from faults occurring on the Participating Transmission Owner’s electric system or on the systems of others to which the Participating Transmission Owner’s electric system is directly or indirectly connected. Interconnection Facilities also include any necessary additions and reinforcements to the Participating Transmission Owner’s electric system or CAISO Grid required as a result of the interconnection of the Project to the Buyer electric system, the CAISO Grid or electric systems of others to which the Buyer electric system is directly or indirectly connected.

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

“ITC” means the investment tax credit established pursuant to Section 48 of the United States Internal Revenue Code of 1986.

“[Large/Small] Generator Interconnection Agreement” means a [large/small] generator interconnection agreement entered into with the Transmission Provider.

“Lender” means any bank, financial institution or other entity (or any agent thereof) that provides development, bridge, construction, permanent debt, tax equity or other financing or refinancing for the Project to Seller consistent with Section 12.1 (subject to the Collateral Assignment Agreement, if applicable).

“Letter of Credit” means an irrevocable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank with such bank having a Credit Rating of at least “A-” from S&P and “A3” from Moody’s, substantially in the form of Appendix 11.3 and reasonably acceptable to Buyer.

“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.

“Local RAR” means, for Projects providing Capacity Attributes, the local Resource Adequacy Requirements established for load-serving entities by the CAISO pursuant to the Tariff, the CPUC pursuant to the Resource Adequacy Rulings, or by any other Governmental Authority.

“Losses” means with respect to either Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination and liquidation of the Agreement, determined in a commercially reasonable manner.

“Manager” has the meaning set forth in Section 22.2.1.

“Maximum Energy Capacity” means, any given time, the lesser of the Energy Storage System’s Charging Energy Capacity or Discharging Energy Capacity.

“Maximum Force Majeure Delay” has the meaning set forth in Section 2.10.2.

“Maximum RA Capacity” means the maximum amount of Resource Adequacy capacity available from the Project operating within its Operating Restrictions and specifications as set forth in Appendix 1.1 and Appendix 1.2.2. **[As of the Effective Date, such Maximum RA Capacity is the maximum capacity that the Project can achieve in a four (4)-hour period based on its Contract Capacity.]** If the CAISO changes its methodology for determining the maximum amount of capacity available from a storage resource to provide a Resource Adequacy capacity, a new Maximum RA Capacity shall be determined for the Project based on the new CAISO methodology and the Operating Restrictions and such specifications of the Project.

“Meter Service Agreement” or “MSA” has the meaning set forth in the Tariff.

“Metering Equipment” means, as applicable, the Generation Facility Metering Equipment, the Energy Storage System Metering Equipment, and the Energy Delivery Point Metering Equipment.

“Milestone Extension Date” has the meaning set forth in Section 6.2.1.

“Milestone Schedule” means the schedule in the form of Appendix 6.1(a), setting forth Seller’s development, design, procurement, construction, commissioning and testing milestones, as set forth in Section 6.1.

“Minimum Operating Level” means the minimum operating level of the Energy Storage System.

“Monthly Capacity Payment” has the meaning set forth in Section 9.2.

“Monthly Delivery Forecast” has the meaning set forth in Section 15.3.3.

“Monthly Energy Payment” has the meaning set forth in Section 9.3.

“Monthly Progress Report” means a monthly progress report, sent by Seller to Buyer no later than the tenth day of each month while the Project has not yet met its Initial Delivery Date, and within five (5) days of Buyer’s request, substantially in the form set forth in Appendix 6.1(b) and describing Seller’s compliance with the Milestone Schedule, including projected time to complete any milestones, for the Project, as set forth in Section 6.1.

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

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

“MW” means mega-watt or mega-watts.

“Negative Imbalance Energy” has the meaning set forth in Section 14.4.1.

“NERC” means the North American Electric Reliability Council, or any successor thereto.

“NERC Holidays” means “Additional Off-peak Days” as defined by NERC on the NERC website at http://www.nerc.com.

“Non-Availability Charges” shall mean Non-Availability Charges as defined in the Tariff or such other similar term as modified and approved by FERC hereafter to be incorporated in the Tariff.

“Non-Defaulting Party” has the meaning set forth in Section 3.3.

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

“Operating Procedures” has the meaning set forth in Section 15.11.

“Operating Restrictions” means limitations on Buyer’s ability to schedule and use Contract Capacity, Ancillary Services, and Energy that are identified in Appendix 1.1 to this Agreement.

“Outage Schedule” has the meaning set forth in Section 17.1.1.

“Pacific Prevailing Time” or “PPT” means Pacific Daylight Time when California observes Daylight Savings Time and Pacific Standard Time otherwise.

“Participating Generator Agreement” or “PGA” has the meaning set forth in the Tariff.

“Participating Intermittent Resource” has the meaning set forth in the Tariff.

“Participating Transmission Owner” means the transmission owner that has released to the CAISO operational control of its transmission facilities to which the Project is interconnected [or the owner of the distribution system to which the Project is interconnected]. As of the Effective Date, the Participating Transmission Owner is [San Diego Gas & Electric Company.] **[NOTE to Bidders: to be modified if project is not connected directly to SDG&E’s service territory.]**

“Performance Assurance” means collateral in the form of cash, Letter of Credit, Guaranty Agreement or other security acceptable to Buyer in its sole discretion required to be provided to Buyer under Section 11.2.

“Performance Measurement Period” has the meaning set forth in Section 1.1.2(a).

“Permit Requirements” means any requirement or limitation imposed as a condition of a permit or other authorization relating to construction or operation of the Project or related facilities (including but not limited to, limitations on any pollutant emissions levels, limitations on operational levels or operational time, and limitations on any specified operating constraint) or any other operational restriction or specification related to compliance with any laws or regulations applicable to the Project.

“Permitted Liens” means liens and encumbrances (a) imposed by the Priority Security Interest (including pursuant to any Security Document) or (b) imposed by any Lender.

“Person” means any individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, firm, or other entity, or a Governmental Authority.

“PMAX” means the applicable CAISO-certified maximum operating level (in MW) of the Energy Storage System.

“PMIN” means the applicable CAISO-certified minimum operating level (in MW) of the Energy Storage System.

“Pnode” means the Pricing Node as set forth in the Tariff.

“Positive Imbalance Energy” has the meaning set forth in Section 14.4.1.

“Pre-Construction Security” has the meaning set forth in Section 11.2.1.

“Priority Security Interest” has the meaning set forth in Section 11.4.

“Product” means the capacity, Capacity Attributes, Energy (including Bundled Green Energy), Green Attributes, Ancillary Services, and Resource Adequacy Benefits of the Project and all other ancillary products, services or attributes similar to the foregoing which are or can be produced by or associated with the Project in accordance with the terms hereof.

“Project” has the meaning set forth in the Recitals.

“Project System” means the Generation Facility or the Energy Storage System, as applicable, as further described in Appendix 1.2.2.

“Protective Apparatus” means control devices (such as meters, relays, power circuit breakers and synchronizers) specified in the interconnection agreements for the Project.

“Qualified Assignee” means any community choice aggregation entity or joint powers authority formed in the State of California or any legal entity that is established by statute or by the CPUC to serve load as a central procurement entity.

“Qualified Flexible RA Capacity” means, with respect to any month of the Delivery Period, the number of MWs of Contract Capacity that are eligible, certified (if required), and counted to satisfy flexible capacity requirements established for load-serving entities or other persons by the CPUC, the CAISO, or by any other Governmental Authority having jurisdiction.

“Qualified RA Capacity” means, with respect to any month of the Delivery Period, the number of MWs of Contract Capacity that are eligible, certified (if required), and counted to satisfy Resource Adequacy capacity requirements established for load-serving entities or other persons by the CPUC, the CAISO, or by any other Governmental Authority having jurisdiction.

“RA Compliance Obligations” means RAR, Local RAR and Flexible RAR.

“RA Compliance Showings” means the (a) Local RAR compliance or advisory showings (or similar or successor showings), (b) RAR compliance or advisory showings (or similar or successor showings), and (c) Flexible RAR compliance or advisory showings (or similar successor showings), in each case, an entity is required to make to the CAISO pursuant to the Tariff, to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the Resource Adequacy Rulings, or to any Governmental Authority.

“Ramp Rate” means the ability of the Energy Storage System to change between power output levels, expressed in MWAC/min.

“Real-Time Forecast” means the total amount of energy that the Generation Facility would have produced during an Economic Dispatch Down Period, as calculated by Seller using the best available data obtained through commercially reasonable methods and meteorological data at the Generation Facility during an Economic Dispatch Down Period, and any adjustments necessary to accurately reflect the Generation Facility’s capacity to produce and deliver energy to the Energy Delivery Point, including applicable losses and manufacturers’ warranted power curves, subject to Buyer’s audit and approval not to be unreasonably withheld.

“Recovery Plan” has the meaning set forth in Section 6.2.1.

“Referral Date” has the meaning set forth in Section 22.2.1.

“Reliability Must-Run Contract” or “RMR Contract” means a Must-Run Service Agreement between the owner of an RMR Unit (as defined in the Tariff) (or the output therefrom) and the CAISO.

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

“Renewable Energy Incentives” means: (a) all federal, state, or local Tax Credits or other Tax benefits associated with the production of electricity from, or the construction, operation or the ownership of, the Project or any part thereof (including the Tax Credits and other credits under Sections 38, 45, 46 and 48 of the Internal Revenue Code of 1986, as amended); (b) any federal, state, or local grants, subsidies or other like benefits associated with the production of electricity from, or the construction, operation or the ownership of, the Project, including a cash grant available under Section 1603 of Division B of the American Recovery and Reinvestment Act of 2009, in lieu of federal Tax credits or any similar or substitute payment available under subsequently enacted federal legislation; and (c) any other form of incentive available from a Governmental Authority that is associated with the production of electricity from, or the construction, operation or the ownership of, the Project; provided that Renewable Energy Incentives shall not include Renewable Energy Credits, Green Attributes, or Capacity Attributes.

“Representatives” means the officers, directors, members, employees, legal counsel, accountants, lenders, advisors, or ratings agencies and other agents or representatives of a Party or of its Affiliates and in the case of Buyer, includes any Independent Evaluator (as such term is used in CPUC Decision 04-12-048) used by Buyer in connection with the Request for Offers from which this Agreement arose.

“Required Permits” has the meaning set forth in Section 5.1(b).

“Resource Adequacy” has the meaning set forth in the Resource Adequacy Rulings.

“Resource Adequacy Benefits” means the rights and privileges attached to any generating resource that satisfy any entity’s resource adequacy obligations (including without limitation those related to flexible resource adequacy), as those obligations are set forth in any Resource Adequacy Rulings.

“Resource Adequacy Requirements” or “RAR” means the resource adequacy requirements applicable to an entity as established by the CAISO pursuant to the Tariff, the CPUC pursuant to the Resource Adequacy Rulings, or by any other Governmental Authority.

“Resource Adequacy Rulings” means CPUC Decisions D.04-10-035, D.05-10-042 and D.06-06-0064 and CPUC Resource Adequacy Rulemakings (R.)04-04-003 and (R.)05-12-013 and any subsequent CPUC ruling or decision, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable Governmental Authority (including without limitation those related to flexible resource adequacy), as such Decisions, rulings, laws, rules or regulations may be amended or modified from time to time during the Term.

“Resource ID” has the meaning set forth in the Tariff.

“Retail Electricity Provider” means the provider of retail electricity to the Project at the Electric Retail Delivery Point. On the Effective Date, the Retail Electricity Provider is [San Diego Gas & Electric Company]. **[NOTE to Bidders: to be modified if project receives retail electricity from another provider.]**

“Round-Trip Efficiency Rate” means the efficiency of the Energy Storage System in recovering Charging Energy from the Energy Storage System, as measured at the Charging Energy Delivery Point to the Energy Delivery Point (based on AC-to-AC efficiency), and expressed as a percentage, rounded to two decimal places (*e.g.*, 85.45%).

“Round-Trip Efficiency Rate Factor” has the meaning set forth in Appendix 9.2.

“S&P” means Standard & Poor’s Rating Group (a division of McGraw-Hill, Inc.) or its successor.

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

“Schedule” means the actions of Seller, Buyer and/or their designated representatives, or Scheduling Coordinators, including each Party’s Transmission Providers, if applicable, of notifying, requesting and confirming to each other and the CAISO the quantity and type of Product to be delivered on any given day or days at a specified delivery point.

“Scheduled Energy” means the Energy from the CAISO Grid expected to be delivered to the Energy Delivery Point for charging the Energy Storage System, or the Energy discharged from the Energy Storage System or generated by a Generation Facility, as applicable, in either case that is expected to be delivered to the Energy Delivery Point, in each case pursuant to (a) the latest Dispatch Notice, or (b) any CAISO instructions, including without limitation pursuant to (i) Supplemental Energy bids, (ii) a Reliability Must-Run Contract (as defined in the Tariff) between the CAISO and the Seller, (iii) any Waiver Denial Periods, or (iv) Ancillary Services exercised.

“Scheduled Outage” means a period during which the Project is either in whole or in part not capable of generating, charging, storing Energy or discharging Energy (as applicable) due to planned maintenance or repair that has been scheduled in advance in accordance with Section 17.1.

“Scheduling Coordinator” or “SC” means an entity certified by the CAISO for the purposes of undertaking the functions specified in Article 14.

“SEC” means the Securities and Exchange Commission.

“Security Documents” means those agreements, documents, instruments, or certifications in a form reasonably acceptable to Buyer that grant and perfect Buyer’s Priority Security Interest.

“Seller” has the meaning set forth in the introductory paragraph hereto.

“Seller Cost Test” means any test requested or required to be undertaken by Buyer hereunder.

“Seller Initiated Test” has the meaning set forth in Section 7.5.

“Settlement Amount” means, with respect to the Non-Defaulting Party, the amount of Losses and Costs, net of Gains, expressed in U.S. Dollars, incurred by the Non-Defaulting Party as a result of the liquidation of the Agreement pursuant to Section 3.4.

“Showing Month” means the calendar month of the Delivery Period that is the subject of the RA Compliance Showing, as set forth in the Resource Adequacy Rulings and outlined in the Tariff.

“Site” has the meaning set forth in the Recitals.

“Site Control” means that Seller owns the Site and the Project or has demonstrable contractual rights to, or is the managing general partner of any partnership (or comparable manager of any other person) who owns or has demonstrable contractual rights to, with explicit authority to act in all matters relating to, the control and operation of, the Site and the Project in order to perform its obligations under this Agreement.

“State of Energy” means the amount of Stored Energy in an Energy Storage System in real time, expressed as a percent of Maximum Energy Capacity (e.g., 95% SOE).

“Station Use” means Energy that is used to operate the Project’s auxiliary equipment. The auxiliary equipment includes, but is not limited, to air conditioning or other cooling units, plant lighting and control systems.

“Stored Energy” means the amount of Energy stored in the Energy Storage System at any given time, in kWhDC, as indicated by Seller’s Stored Energy Measuring Device.

“Stored Energy Measuring Device” means, for the Energy Storage System, the measuring equipment for the Energy Storage System which provides the Stored Energy amount, Maximum Energy Capacity and State of Energy of the Energy Storage System in real-time, as specified in Appendix 1.2.2.

“Supplemental Energy” is the Energy from the Project which has uncommitted capacity following finalization of the Hour-Ahead Schedules and which Energy shall be available to CAISO during the Real Time Market (as defined in the Tariff).

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

“System Dispatch Down” means curtailment of delivery of Product from the Generation Facility or Energy Storage System resulting from (a) curtailment ordered by the CAISO (whether directly or through the Scheduling Coordinator or the Participating Transmission Owner), for any reason, including, but not limited to, an Exceptional Dispatch (as defined in the Tariff), any system emergency as defined in the Tariff (“System Emergency”), any warning of an anticipated System Emergency, or any warning of an imminent condition or situation which could jeopardize the CAISO’s or Participating Transmission Owner’s electric system integrity or the integrity of other systems to which the CAISO or Participating Transmission Owner is connected, any warning, forecast, or anticipated overgeneration conditions, including a request from CAISO to manage over-generation conditions; (b) curtailment ordered by the Participating Transmission Owner or distribution operator (if interconnected to distribution or sub-transmission system) for reasons including, but not limited to, (i) any situation that affects normal function of the electric system including, but not limited to, any abnormal condition that requires action to prevent circumstances such as equipment damage, loss of load, or abnormal voltage conditions, (ii) any warning, forecast or anticipation of conditions or situations that jeopardize the Participating Transmission Owner’s electric system integrity or the integrity of other systems to which the Participating Transmission Owner is connected; (c) curtailment ordered by the Participating Transmission Owner or distribution operator (if interconnected to distribution or sub-transmission system) as a result of scheduled or unscheduled maintenance or construction on the Participating Transmission Owner’s transmission facilities or distribution operator’s facilities (if interconnected to distribution or sub-transmission system) that prevents the delivery or receipt of Delivered Energy to or at the Energy Delivery Point, (d) curtailment in accordance with Seller’s obligations under its interconnection agreement with the Participating Transmission Owner or distribution operator; or (e) in the case of an Energy Storage System, curtailment ordered by Buyer pursuant to a Dispatch Notice; *provided*, however, that, for purpose of this definition, System Dispatch Down for a Generation Facility shall not include Economic Dispatch Down of the Generation Facility.

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

“System Response Time” means the amount of time for the Energy Storage System to change from an off-line state to the maximum discharge rate for the Energy Storage System and the amount of time for the Energy Storage System to change from an off-line state to discharging at the maximum discharge rate.

“Tariff” means the tariff and protocol provisions, as amended or supplemented from time to time, of the CAISO.

“Tax Credits” means the PTC, ITC, and any other state, local or federal production or other tax credit, depreciation benefit, tax deduction or investment tax credit specific to the production, sale or storage of renewable energy from, or the operation or the ownership of, the Project or any part thereof.

“Term” has the meaning set forth in Section 2.1.

“Termination Payment” has the meaning set forth in Section 3.4.

“Tested Round-Trip Efficiency Rate” means the Round-Trip Efficiency Rate of the Project determined as of the Initial Delivery Date by the Commercial Operation Test as set forth in Section 7.2 and Appendix 7 and thereafter pursuant to the Efficiency Rate Tests as set forth in Section 7.4 and Appendix 7.

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

“Uninstructed Deviation Penalty” has the meaning set forth in the Tariff.

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

“Unit Contingent Energy” means Energy delivered by the Energy Storage System that is dependent upon the availability and operation of that Energy Storage System.

“Unscheduled Outage” means a period during which the Energy Storage System is not capable of providing service due to the need to maintain or repair a component thereof, which period has not been scheduled in advance in accordance with Section 17.1.

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

“VER Forecasting Program” has the meaning set forth in the Tariff.

“Waiver Denial Periods” has the meaning set forth in the Tariff.

“WECC” means the Western Electricity Coordinating Council, or any successor thereto.

**APPENDIX B**

**COMMERCIAL OPERATION CERTIFICATE**

This certification (“Certification”) of Commercial Operation is delivered by \_\_\_\_\_\_\_[*licensed professional engineer*] (“Engineer”) to San Diego Gas & Electric Company (“Buyer”) in accordance with the terms of that certain Renewable Energy and Storage Power Purchase Agreement dated \_\_\_\_\_\_\_ (“Agreement”) by and between Owner 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.

**As of date below, Engineer hereby certifies and represents to Buyer the following**:

* 1. We have read the Agreement, and we understand the requirements for Commercial Operation under the Agreement.
  2. We have reviewed the material and data made available to us by the Owner.
  3. We have reviewed all governmental approvals and permits identified by the Owner as being required for the construction and operation of the Project and are of the opinion that the Project as completed is in compliance in all material respects with the environmental and technical requirements contained therein.
  4. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of the opinion that the following have been met:
     1. Except for punch list items that would not materially affect the performance, reliability or safe operation of the Project, the construction and installation of the Project has been completed in accordance with the specifications set forth in Appendix 1.2.1 of the Agreement and is ready for commercial operation in compliance with all Applicable Laws, Required Permits, and Accepted Electrical Practices;
     2. Each of the Generation Facility and the Energy Storage System has successfully passed all performance tests;
     3. The Energy Storage System has successfully passed all Commercial Operation Tests at a level that demonstrates Contract Capacity of at least the Expected Energy Storage System Contract Capacity and a Tested Round-Trip Efficiency Rate of at least the Guaranteed Round-Trip Efficiency Rate;
     4. Authorization to parallel the Project with the CAISO Grid has been obtained;
     5. The Transmission Provider has provided documentation supporting full unrestricted release for Commercial Operation by [Name of Transmission Provider as appropriate on \_\_\_\_\_\_\_[DATE]\_\_\_\_\_;
     6. The CAISO has provided notification supporting Commercial Operation (which for avoidance of doubt does not need to include CAISO Ancillary Services Certification), in accordance with the CAISO Tariff on \_\_\_\_\_\_\_[DATE]\_\_\_\_\_;
     7. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Project to be received at the Energy Delivery Point;
     8. Owner has obtained all governmental approvals (including all Required Permits) necessary for the continuous commercial operation of the Project and the Project is in compliance with all such governmental approvals, Required Permits and all other Applicable Laws; and
     9. The Generation Facility has a Contract Capacity of [\_\_\_] MWAC and the Energy Storage System has a Contract Capacity of [\_\_\_] MWAC and a Tested Round-Trip Efficiency Rate of [\_\_\_]%.

EXECUTED this \_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_.

**Engineer**

**[\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_],**

a [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]

By:

Name:

Title:

**APPENDIX 1.1**

**OPERATING RESTRICTIONS[[5]](#footnote-6)**

**[To be inserted by the Parties]**

Maximum Annual Delivered Energy Amount.

Buyer shall not dispatch the Project to discharge in excess of [\_\_\_\_\_\_\_\_\_\_\_\_] kWhAC in Delivered Energy per calendar year of the Delivery Period (which amount shall be prorated for partial calendar years) (the “Maximum Annual Delivered Energy Amount”); provided that the Parties acknowledge that CAISO may dispatch the Project even after such Maximum Annual Delivered Energy amount has been reached.

**APPENDIX 1.1.1**

**CONTRACT CAPACITY, ROUND TRIP EFFICIENCY AND EXPECTED CAPACITY ATTRIBUTES[[6]](#footnote-7)**

Expected Generation Facility Contract Capacity: \_\_\_ MWAC

Expected Energy Storage Contract Capacity: \_\_\_ MWAC

Guaranteed Round-Trip Efficiency Rate = \_\_\_\_\_.00%

Expected Capacity Attributes: \_\_\_\_\_\_ MWAC

**APPENDIX 1.2.2**

**PROJECT DESCRIPTION**[[7]](#footnote-8)

Project Physical Address:

Project Latitude and Longitude:

Project Site: See map below

Technology Type:

Description of Energy Storage System:[Description of building block and components, battery management system, e.g.]

Description of Stored Energy Measuring Device: [Description of how the Stored Energy amount will be measured, including which methodology (e.g. voltage or other) used to calculate Stored Energy]

Description of Generation Tie-Lines/Interconnection Facilities:

Shared Facilities:

Ramp Rate Guarantee: > \_\_\_\_ MW/min

System Response Time Guarantee: < \_\_\_ seconds

Map:

**APPENDIX 1.3.1**

**ENERGY DELIVERY POINT**

Single-line diagram depicting Energy Delivery Point

**APPENDIX 1.3.2**

**ELECTRIC RETAIL DELIVERY POINT**

To be inserted by the Parties pursuant to Section 1.3.2, if applicable.

**APPENDIX 6.1(a)**

**MILESTONE SCHEDULE**[[8]](#footnote-9)

|  |  |
| --- | --- |
| **Milestone** | **Milestone Date** |
| File application(s) for Required Permit(s) |  |
| Receipt of Required Permit(s) |  |
| Execution of [Large/Small] Generator Interconnection Agreement |  |
| Site readiness for construction (including receipt of all zoning approvals, easements, rights of way, utility access) |  |
| Commencement of Construction Activities\* |  |
| Synchronization of the Energy Storage System to CAISO Grid |  |
| Submittal of all operational documentation including successful acceptance testing and approved test report |  |
| Completion of system commissioning and pre-operational testing |  |
| Achievement of Initial Delivery Date\* |  |

\*Critical items subject to Daily Delay Damages if not achieved by above dates (as may be extended pursuant to Section 6.1 of the Agreement).

**APPENDIX 6.1(b)**

**MONTHLY PROGRESS REPORT[[9]](#footnote-10)**

**Monthly Progress Report**

**of**

**[INSERT SELLER’S NAME]**

**provided to**

**San Diego Gas & Electric Company**

[Date]

Instructions.

All capitalized terms used in this report shall have the meanings set forth below and any capitalized terms used in this report which are not defined below shall have the meanings ascribed thereto in the Energy Storage Power Purchase Agreement by and between [insert Seller’s name] (Seller) and San Diego Gas & Electric Company (Buyer) dated [\_\_\_\_\_\_\_\_\_\_\_\_, 200\_] (the “Agreement”).

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

* + - * 1. Any material matter or issue arising in connection with a Permit Requirement, or compliance therewith, with respect to which there is a dispute over the interpretation of a law or regulation, any organized public opposition to the granting of a necessary Permit Requirement, or any action or expenditure required for compliance or obtaining approval that Seller is unwilling to take or make, in each case which in Seller’s reasonable opinion could reasonably be expected to materially threaten or prevent achieving Commercial Operation of the Energy Storage System by the Initial Delivery Date;
        2. 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 achieve Commercial Operation of the Energy Storage System by the Initial Delivery Date;
        3. The status of any matter or issue identified as outstanding in any prior Monthly Progress Report and any material change in the Seller’s proposed actions to remedy or overcome such matter or issue.

Seller shall complete, certify, and deliver this form Monthly Progress Report to Buyer, together with all attachments and exhibits.

**Major activities to be performed for each aspect of the Project during the current calendar month.**

Please provide a brief summary of the Major[[10]](#footnote-11) activities to be performed for each of the following aspects of the Project during the current calendar month:

**Design**

**Engineering**

**Major Equipment procurement**

**Construction**

**Milestone report**

**Permitting**

**Major activities scheduled to be performed in the previous calendar month but not completed as scheduled.**

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

**Design**

**Engineering**

**Major Equipment procurement**

**Construction**

**Milestone report**

**Permitting**

**Overall assessment of the Project status.**

Please provide a brief summary of your assessment of the status and progress of each of the following aspects of the Project:

**Design**

**Engineering**

**Major Equipment procurement**

**Construction**

**Milestone report**

**Permitting**

**Exhibit 1: Progress Curve.**

The progress curve which shows the progress achieved on the construction of the Project through the current month against the current Monthly Progress Report is included herewith as Exhibit 1.

**Exhibit 2: Photos.**

The photos included with this Exhibit 2 indicate construction progress to-date at the Project site.

**Safety and Health Reports**

**Any work stoppage from the previous calendar month:**

**Work stoppage impact on construction of the Project:**

I, \_\_\_\_\_\_\_\_\_\_\_, on behalf of and as an authorized representative of, do hereby certify that any and all information contained in the attached \_\_\_\_\_\_\_\_’s Monthly 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 7**

**TESTING PROTOCOLS**

**COMMERCIAL OPERATION,**

**CONTRACT CAPACITY TESTS, and**

**EFFICIENCY RATE TESTS[[11]](#footnote-12)**

This Appendix 7 sets forth the protocols for (i) the Commercial Operation Test that the Project must successfully complete in order to achieve Commercial Operation and which sets the level of Contract Capacity and Tested Round-Trip Efficiency Rate for the Project at the start of the Delivery Period, (ii) the Contract Capacity Test, and (iii) the Efficiency Rate Test, and (iv) other Project tests required by CAISO, CPUC or any other Governmental Authority having jurisdiction (“Other Required Tests”). The Commercial Operation Test, the Contract Capacity Test and the Efficiency Rate Tests are sometimes referred to in this Appendix individually as a “Test” and together as the “Tests.

PART I. GENERAL.

A. Test Performance. Each Test will be conducted consistent with Accepted Electrical Practices, Contract Conditions, Applicable Law, manufacturer recommendations, and the provisions of published test procedures developed by the Electric Power Research Institute (EPRI) Energy Storage Integration Council (ESIC) (or equivalent test procedures accepted as an Industry Standard for lithium ion battery energy storage systems). At all times during a Test, the Project shall not be operated with abnormal operating conditions such as unstable load conditions. If conditions occur during a Test that are contrary to any of the foregoing, Buyer may postpone or reschedule all or part of such Test in its reasonable discretion, in which case such Test shall be deemed an Incomplete Test.

B. Final Test Plan. All Tests shall be conducted in accordance with the Final Test Plan for such Test, provided that such Final Test Plan is consistent with the requirements of Part I.A above.

C. Test Records. Seller shall provide all records associated with a Test (including the conditions, inputs, assumptions, data and results) no later than four (4) Business Days following completion of a Test.

D. Incomplete Test. If any Test is not completed in accordance herewith, such Test shall be deemed an “Incomplete Test”, and Buyer may in its sole discretion: (i) accept the Test results up to the time the Test stopped (other than in the case such Test is the Commercial Operation Test); (ii) require that the portion of the Test not completed, be completed within a reasonable specified time period; or (iii) require that the Test be entirely repeated. Unless the reason a Test is an Incomplete Test, any repeat or re-starting of a Test that is a Buyer Cost Test shall cause such Test to be a Seller Cost Test instead.

E. Final Report. Within fifteen (15) Business Days after the completion of a Test (including a retest of a Test), Seller shall prepare and submit to Buyer a written report of the Test (or retest). At a minimum, the report shall include:

(1) a description of the Final Test Plan for the Test;

(2) a record of the personnel present during all or any part of the Test, whether serving in an operating, testing, monitoring or other such participatory role;

(3) a record of Test conditions and assumptions, including any unusual or abnormal conditions or events that occurred during the Test and any actions taken in response thereto;

(4) the measured applicable Test data; and

(5) Seller’s statement of either Seller’s acceptance of the Test or Seller’s rejection of the Test results and reason(s) therefore.

Within ten (10) Business Days after receipt of such report, Buyer shall notify Seller in writing of either Buyer’s acceptance of the Test results or Buyer’s rejection of the Test and reason(s) therefore. If Buyer reasonably rejects the results of any Test, such Test shall be repeated (and if such Test is a Buyer Cost Test, then such retest shall be a Seller Cost Test).

F. Buyer Representative. Buyer shall be entitled to have its representatives and any independent third party witness present to witness each Test and shall be allowed unrestricted access to the area from where the Project is being controlled (e.g., Project control room), and unrestricted access to inspect the instrumentation necessary for Test data acquisition prior to commencement of any Test. Buyer shall be responsible for all costs, expenses and fees payable or reimbursable to the representative and the third party, if any.

PART II. COMMERCIAL OPERATION TEST.

A. Test Elements. The Commercial Operation Test required pursuant to Section 7.2 shall consist of the following tests:

1. Contract Capacity Test;

2. Efficiency Rate Test; and

3. Other tests required to confirm compliance with the Project’s specifications in Appendix 1.2.2 (“Initial Compliance Tests”).

B. Test Plan. No less than sixty (60) days prior to the Initial Delivery Date, Seller shall prepare and submit to Buyer a proposed procedure and schedule in order to complete the Commercial Operation Test (“Seller’s Proposed Test Plan”). Such Seller’s Proposed Test Plan must describe, with supporting detail, the actions, processes, protocols, and schedules to comply with all of the requirements of each individual test as set forth in this Appendix. Within ten (10) Business Days after Buyer’s receipt of Seller’s Proposed Test Plan, Buyer shall notify Seller that (i) the Seller’s Proposed Test Plan is accepted, and is now considered the Final Test Plan, or (ii) the Seller’s Proposed Test Plan is not accepted. If Buyer does not accept Seller’s Proposed Test Plan, then Buyer and Seller shall immediately commence work in good faith to finalize such Test procedures and schedules (“Final Test Plan”). If, after thirty (30) days from Buyer’s receipt of Seller’s Proposed Test Plan, Seller and Buyer have not agreed on a Final Test Plan, Buyer shall provide Seller with the Final Test Plan within seven (7) Business Days after the expiration of the thirty (30) day period. Failure by Buyer to provide Seller with written acceptance of any Seller’s Proposed Test Plan shall not constitute acceptance of such Seller’s Proposed Test Plan.

C. Instrumentation and Metering. Seller shall provide all instrumentation, metering and data collection equipment required to perform the Commercial Operation Test. Instrumentation shall include all instruments permanently installed at the Project and the temporary instruments suggested by Seller or deemed necessary by Buyer in its sole judgement. Within thirty (30) days of Buyer’s receipt of Seller’s Proposed Test Plan, Buyer shall provide Seller with written notice of the temporary calibrated instrumentation deemed necessary by Buyer that will be used during the Commercial Operation Test. Wherever possible, the instrumentation, metering and data collection equipment that will be used after the Project achieves the Initial Delivery Date for monitoring and controlling the operation of the Project shall be used for the Commercial Operation Test. Seller shall calibrate or cause to be calibrated all such instrumentation, metering and data collection equipment no more than three (3) months prior to the date of the Commercial Operation Test. All electrical metering equipment shall utilize the Project’s installed CAISO metering equipment calibrated to CAISO standards. Copies of all calbration sheets shall be provided to Buyer at least five (5) Business Days prior to the Commercial Operation Test.

PART III. INITIAL COMPLIANCE TEST.

A. Test Plan. The Final Test Plan from the Commercial Operation Test for the Initial Compliance Test shall be used for the Initial Compliance Test, unless the Parties agree otherwise in writing.

B. Test Elements. The Initial Compliance Tests shall include the following test elements (unless Buyer otherwise agrees in writing in its sole discretion):

1. Measurement of Ramp Rates at six (6) different starting and ending points; and

2. Measurement of System Response Times from an off-line state to the maximum charging rate of the Energy Storage System and from an off-line state to the maximum discharging rate of the Energy Storage System.

C. Test Showing. For satisfactory complietion of the Initial Compliance Tests, Seller must demonstrate to Buyer’s reasonable satisfaction, that the Energy Storage System has met the guaranteed Ramp Rate and System Response Times set forth in Appendix 1.2.2.

PART IV. CONTRACT CAPACITY TEST

A. Test Plan. The Final Test Plan from the Commercial Operation Test for the Contract Capacity Test shall be used for the Contract Capacity Test, unless the Parties agree otherwise in writing.

B. Test Measurements. The Contract Capacity Tests shall be performed consistent with and in accordance with the requirements set forth by the CPUC and the CAISO at the time of such test for determining the portion of the Energy Storage System’s Capacity that is eligible and can be counted to satisfy Resource Adequacy capacity requirements established for load-serving entities by the CAISO (unless otherwise set forth in this Agreement or this Appendix or as agreed to by Buyer in writing in its sole discretion). The Contract Capacity Tests shall include the following test measurements (unless Buyer otherwise agrees in writing in its sole discretion):

1. Measurement of the Project’s maximum Charging Capacity from 0% State of Energy to the earlier of 100% State of Energy or maximum State of Energy at which the BMS begins to limit charging capacity. Charging Capacity shall be calculated by dividing total Charging Energy by the duration for this charging portion of the Contract Capacity Test.

2. Measurement of the Project’s maximum Discharging Capacity over four (4) continuous hours of discharging from 100% State of Energy to the earlier of 0% State of Energy or the minimum State of Energy at which the BMS begins to derate Discharging Capacity. Discharging Capacity shall be calculated as dividing the total Discharging Energy during this discharging portion of the Contract Capacity Test by 4 hours.

C. Capacity Calculation. The Contract Capacity of the Project shall be the lesser of the Project’s Charging Capacity or Discharging Capacity measured pursuant to Part IV.B. above.

PART V. EFFICIENCY RATE TESTS

A. Test Plan. The Final Test Plan from the Commercial Operation Test shall be used for the Efficiency Rate Test, unless the Parties agree otherwise in writing.

B. Test Elements. The Efficiency Rate Tests shall be conducted as follows (unless Buyer otherwise agrees in writing in its sole discretion):

1. At the start of the Efficiency Rate Test, the Stored Energy of the Energy Storage System shall be reduced to an amount equal or less than [20%] State of Energy, which Stored Energy amount (“Stored Energytest,0”) shall be recorded.

2. The Project shall be charged with Charging Energy to bring the Stored Energy of the Energy Storage System to at least [80%] State of Energy, at the then-applicable Contract Capacity, which Charging Energy amount (“Charging Energytest”) and Stored Energy amount at the end of such charging (“Stored Energytest,1”) shall be recorded.

3. Following the expiration of up to 24 hours after the end of such charging, the Scheduling Coordinator for the Project shall schedule the Project for discharging, at the Contract Capacity in an amount equal to the product of Charging Energytest multiplied by the Guaranteed Round-Trip Efficiency Rate. The Delivered Amount at the end of such discharging (“Delivered Energytest”) and the Stored Energy amount at the end of such discharging (“Stored Energytest,2”) shall be recorded.

4. The Tested Round-Trip Efficiency Rate (TRTER) shall be calculated as follows:

TRTER =

APPENDIX 9.2

**MONTHLY CAPACITY PAYMENT[[12]](#footnote-13)**

The Monthly Capacity Payment for each month of the Delivery Period shall be equal to the sum of the Monthly Capacity Payment for each Project System, as determined as follows:

MCP*m* = CC*m* x CR x SF*m* x EAF*m* x RTERF*m*

Where:

*MCPm* is the Monthly Capacity Payment for a Project System expressed in Dollars for month *m* of the Delivery Period. If month *m* is less than a full calendar month, then the Monthly Capacity Payment for a Project System for such month shall be prorated based on the number of days of the Delivery Period during such month.

*CCm* is the Contract Capacity of the Energy Storage System in effect during month *m*, expressed in kWAC, rounded to the nearest 100 kWAC. If the Contract Capacity of the Energy Storage System changes during such month, then the Monthly Capacity Payment of the Energy Storage System for such month shall be prorated based on the applicable Contract Capacity of the Energy Storage System before such change and the applicable Contract Capacity of the Energy Storage System from and after such change.

*CR* is the Capacity Rate expressed in Dollars per kWAC-year,

CR = $[XXX]/kWAC-year

*SFm* is the Monthly Shaping Factor for the applicable month *m*, as set forth in the following table:

| **Month** | **Monthly Shaping Factor (%)** |
| --- | --- |
| January | 6.7 |
| February | 5.0 |
| March | 5.0 |
| April | 5.8 |
| May | 6.3 |
| June | 8.3 |
| July | 15.8 |
| August | 17.5 |
| September | 11.7 |
| October | 5.8 |
| November | 5.8 |
| December | 6.3 |

Notwithstanding the foregoing, Buyer may modify the Monthly Shaping Factors by providing Notice to Seller of its modifications no later than ninety (90) days prior to the start of the next Contract Year; *provided*, however, the sum of the twelve (12) Monthly Shaping Factors in any Contract Year must equal one hundred percent (100%); *provided* further Buyer’s right to modify the Monthly Shaping Factor shall not apply to the final Contract Year.

*EAFm* or the “Equivalent Availability Factor” of the Energy Storage System for month *m* is the equivalent availability factor computed as follows:

EAFm =

Where:

*p* is the number of hours in month *m*.

*i* is the hour in month *m*.

*Availabilityi* is the lesser of the following, for hour *i*:

* + - 1. the quotient of (i) the sum of (A) the lesser of the Charging Capacity (unless the Energy Storage System is Fully Charged during such hour) or Discharging Capacity (unless the Energy Storage System is Fully Discharged during such hour) of the Energy Storage System applicable for such hour, plus (B) the amount that such lesser amount determined in clause (A) is unavailable as a result of Delivery Excuse, divided by (ii) the Contract Capacity of the Energy Storage System applicable for such hour; or
      2. if the Energy Storage System has been assigned a Qualified RA Capacity or Qualified Flexible RA Capacity, the quotient of (i) the sum of (A) the lesser of the Qualified RA Capacity (if available) or the Qualified Flexible RA Capacity (if available) of the Energy Storage System applicable for such Settlement Interval, plus (B) the amount that such lesser amount determined in clause (A) is unavailable as a result of Delivery Excuse, divided by (ii) the Maximum RA Capacity associated with the Contract Capacity of the Energy Storage System for the month;

provided, however, that (a) if either the Charging Capacity or Discharging Capacity used in clause (A) above used for hour *i* exceeds the Contract Capacity applicable for such hour, then such Charging Capacity or Discharging Capacity, as applicable, shall equal the Contract Capacity for such hour, and (b) Availability shall in no event exceed 1.00 for any hour.

*RTERFm* or the “Round-Trip Efficiency Rate Factor” of the Energy Storage System for month *m* shall be computed as follows:

* + - 1. If the Tested Round-Trip Efficiency Rate in effect during month *m* is less than [\_\_\_\_].00%, then:

RTERFm =

Where:

*Tested Round-Trip Efficiency Ratem* is the Tested Round-Trip Efficiency Rate for the Energy Storage System in effect during month *m*;

Provided that if the Round-Trip Efficiency Rate Factor of the Energy Storage System for month *m* exceeds 1.00 under this clause (a), then the Round-Trip Efficiency Rate Factor of the Energy Storage System for month *m* shall be deemed to be 1.00 for purposes of this clause (a).

* + - 1. If the Tested Round-Trip Efficiency Rate in effect during month *m* is equal or greater than [\_\_\_].00%, then:

RTERFm = Tested Round-Trip Efficiency Rate*m* divided by 0.[\_\_\_];

Provided that if the Round-Trip Efficiency Rate Factor of the Energy Storage System for month *m* exceeds 1.[\_\_\_] under this clause (b), then the Round-Trip Efficiency Rate Factor of the Energy Storage System for month *m* shall be deemed to be 1.[\_\_\_\_] for purposes of this clause (b).

* + - 1. If the Round-Trip Efficiency Rate for an Energy Storage System changes during such month, then the Monthly Capacity Payment for the applicable Project System for such month shall be prorated based on the applicable Tested Round-Trip Efficiency Rate (and resulting Round-Trip Efficiency Rate Factor) of the Energy Storage System before such change and the applicable Tested Round-Trip Efficiency Rate (and resulting Round-Trip Efficiency Rate Factor) for the Energy Storage System from and after such change.

**APPENDIX 9.3**

**MONTHLY ENERGY PAYMENT**

The Monthly Energy Payment for each month of the Delivery Period shall be equal to the sum of the Monthly Energy Payment for each Project System, as determined as follows:

1. Monthly Energy Payment. The Monthly Energy Payment for a Project System shall equal the sum for each hour in the month of the product of (a) the Energy Price times (b) Generation Facility Bundled Green Energy for such Project System in such hour.

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

|  |  |
| --- | --- |
| **Contract Year** | **Energy Price ($/MWh)** |
|  |  |
|  |  |
|  |  |

Provided, however, that:

* + - 1. if Seller delivers Generation Facility Bundled Green Energy in the aggregate for any CAISO settlement interval (not to exceed one hour) in excess of the product of the Contract Capacity for the Generation Facility times the length of such settlement interval, expressed in hours, then the Energy Price for such excess Generation Facility Bundled Green Energy in such settlement interval shall be reduced to zero dollars ($0), and if the real time Locational Marginal Price for the Delivery Point during such settlement interval is less than zero dollars ($0), Seller shall pay to Buyer an amount equal to the absolute value of such negative Locational Marginal Price times such excess Generation Facility Bundled Green Energy; and
      2. if Seller delivers Generation Facility Bundled Green Energy in the aggregate for any Contract Year during the Delivery Period in excess of one hundred five percent (105%) of the annual Contract Quantity, then for any such portion of such Generation Facility Bundled Green Energy (i) in excess of one hundred five percent (105%) of the annual Contract Quantity up to one hundred ten percent (110%) of the annual Contract Quantity, the Energy Price for such excess Generation Facility Bundled Green Energy for the remainder of that Contract Year shall be reduced to the lesser of (x) the Energy Price multiplied by fifty percent (50%) and (y) the real time Locational Marginal Price for the Delivery Point during the CAISO settlement interval when such Generation Facility Bundled Green Energy was delivered and (ii) in excess of one hundred ten percent (110%) of the annual Contract Quantity, the Energy Price for such excess Generation Facility Bundled Green Energy for the remainder of that Contract Year shall be reduced to zero dollars ($0); and, in each case, for each CAISO settlement interval during the time in which the real time Locational Marginal Price for any such excess Generation Facility Bundled Green Energy is less than zero dollars ($0), Seller shall pay to Buyer an amount equal to the absolute value of such negative Locational Marginal Price times the Generation Facility Bundled Green Energy delivered during such settlement interval.

**APPENDIX 11.3**

**LETTER OF CREDIT FORM**[[13]](#footnote-14)

IRREVOCABLE STANDBY

LETTER OF CREDIT

Reference Number:

Transaction Date:

BENEFICIARY:

San Diego Gas & Electric Company

Ladies and Gentlemen:

(the “Bank”) hereby establishes this Irrevocable Standby Letter of Credit (“Letter of Credit”) in favor of San Diego Gas & Electric Company, a California corporation (the “Beneficiary”), for the account of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_ corporation (the “Applicant”), for the amount of XXX AND XX/100 Dollars ($ ) (the “Available Amount”), effective immediately and expiring at 5:00 p.m., California time, on the Expiration Date (as hereinafter defined).

This Letter of Credit shall be of no further force or effect upon the close of business on \_\_\_\_\_\_\_\_\_\_\_\_\_\_ or, if such day is not a Business Day (as hereinafter defined), on the next preceding Business Day, unless extended in accordance with the terms of this Letter of Credit. For the purposes hereof, “Business Day” shall mean any day on which commercial banks are not authorized or required to close in San Diego, California.

Subject to the terms and conditions herein, funds under this Letter of Credit are available to the Beneficiary by presentation in compliance on or prior to 5:00 p.m. California time, on or prior to the Expiration Date, of the following:

1. The original of this Letter of Credit and all amendments (or photocopy of the original for partial drawings); and

2. The Drawing Certificate issued in the form of Attachment A attached hereto and which forms an integral part hereof, duly completed and purportedly bearing the signature of an authorized representative of the Beneficiary.

Notwithstanding the foregoing, any drawing hereunder may be requested by transmitting the requisite documents as described above to the Bank by facsimile at \_\_\_\_\_\_\_\_\_\_\_\_\_\_ or such other number as specified from time to time by the Bank. The facsimile transmittal shall be deemed delivered when received. It is understood that drawings made by facsimile transmittal are deemed to be the operative instrument without the need of originally signed documents.

Partial drawing of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; *provided that,* the Available Amount shall be reduced by the amount of each such drawing.

This Letter of Credit is transferable in whole or in part.

Banking charges shall be the sole responsibility of the Applicant.

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

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

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment.

The Bank engages with the Beneficiary that Beneficiary’s drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Bank on or before the Expiration Date.

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the “ISP”). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

AUTHORIZED SIGNATURE for Bank

By:

Title:

ATTACHMENT A TO APPENDIX 11.3

DRAWING CERTIFICATE

TO [ISSUING BANK NAME]

IRREVOCABLE STANDBY LETTER OF CREDIT

Reference Number.

(Sample Text)

DRAWING CERTIFICATE

Bank

Bank Address

Subject: Irrevocable Standby Letter of Credit

Reference Number:

The undersigned , an authorized representative of San Diego Gas & Electric Company (the “Beneficiary”), hereby certifies to [Issuing Bank Name] (the “Bank”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Applicant”), with reference to Irrevocable Standby Letter of Credit No. , dated , (the “Letter of Credit”), issued by the Bank in favor of the Beneficiary, as follows as of the date hereof:

1. The Beneficiary is entitled to draw under the Letter of Credit an amount equal to  
 $ , for the following reason(s) [check applicable provision]:

[ ]A. An Event of Default, as defined in the Energy Storage Power Purchase Agreement between Beneficiary and Applicant (the “Agreement”), with respect to the Applicant has occurred and is continuing.

[ ]B. The Letter of Credit will expire in fewer than sixty (60) days from the date hereof, and Applicant has not provided to Beneficiary alternate Performance Assurance (as defined in the Agreement) acceptable to Beneficiary.

[ ]C. Applicant has forfeited all or part of its Pre-Construction Security as set forth and defined in the Agreement.

[ ]C. Applicant has incurred Daily Delay Damages as set forth and defined in the Agreement.

2. Based upon the foregoing, the Beneficiary hereby makes demand under the Letter of Credit for payment of U.S. DOLLARS AND \_\_\_\_/100ths (U.S.$ ), which amount does not exceed (i) the amount set forth in paragraph 1 above, and (ii) the Available Amount under the Letter of Credit as of the date hereof.

3. Funds paid pursuant to the provisions of the Letter of Credit shall be wire-transferred to the Beneficiary in accordance with the following instructions:

Unless otherwise provided herein, capitalized terms which are used and not defined herein shall have the meaning given each such term in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been duly executed and delivered on behalf of the Beneficiary by its authorized representative as of this \_\_\_\_ day of , \_\_\_\_\_.

Beneficiary: SAN DIEGO GAS & ELECTRIC COMPANY

By:

Name:

Title:

**APPENDIX 15.1**

**AVAILABILITY NOTICE**[[14]](#footnote-15)

**Availability Notice**

Trading Day:

Station: Issued By:

Unit: Issued At:

Unit 100% Available No Restrictions:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Hour Ending | Available Charging Capacity | Available Discharging Capacity | Minimum Output | Comments |
|  | (MW) | (MW) | (MW) |  |
| 1:00 |  |  |  |  |
| 2:00 |  |  |  |  |
| 3:00 |  |  |  |  |
| 4:00 |  |  |  |  |
| 5:00 |  |  |  |  |
| 6:00 |  |  |  |  |
| 7:00 |  |  |  |  |
| 8:00 |  |  |  |  |
| 9:00 |  |  |  |  |
| 10:00 |  |  |  |  |
| 11:00 |  |  |  |  |
| 12:00 |  |  |  |  |
| 13:00 |  |  |  |  |
| 14:00 |  |  |  |  |
| 15:00 |  |  |  |  |
| 16:00 |  |  |  |  |
| 17:00 |  |  |  |  |
| 18:00 |  |  |  |  |
| 19:00 |  |  |  |  |
| 20:00 |  |  |  |  |
| 21:00 |  |  |  |  |
| 22:00 |  |  |  |  |
| 23:00 |  |  |  |  |
| 0:00 |  |  |  |  |

Comments:

**APPENDIX 15.3**

**DISPATCH AND UPDATED DISPATCH NOTICES**[[15]](#footnote-16)

**Dispatch Notice**

Trading Day:

Station: Issued By:

Unit: Issued At:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Hour Ending | Scheduled Energy for Charging | Scheduled Energy for Discharging | Spinning Reserve | Non-Spinning Reserve | Comments |
|  | (MW) | (MW) | (MW) | (MW) |  |
| 1:00 |  |  |  |  |  |
| 2:00 |  |  |  |  |  |
| 3:00 |  |  |  |  |  |
| 4:00 |  |  |  |  |  |
| 5:00 |  |  |  |  |  |
| 6:00 |  |  |  |  |  |
| 7:00 |  |  |  |  |  |
| 8:00 |  |  |  |  |  |
| 9:00 |  |  |  |  |  |
| 10:00 |  |  |  |  |  |
| 11:00 |  |  |  |  |  |
| 12:00 |  |  |  |  |  |
| 13:00 |  |  |  |  |  |
| 14:00 |  |  |  |  |  |
| 15:00 |  |  |  |  |  |
| 16:00 |  |  |  |  |  |
| 17:00 |  |  |  |  |  |
| 18:00 |  |  |  |  |  |
| 19:00 |  |  |  |  |  |
| 20:00 |  |  |  |  |  |
| 21:00 |  |  |  |  |  |
| 22:00 |  |  |  |  |  |
| 23:00 |  |  |  |  |  |
| 0:00 |  |  |  |  |  |

Comments:

**Updated Dispatch Notice**

Trading Day:

Station: Issued By:

Unit: Issued At:

**Changes from Scheduled Delivery are highlighted.**

Comments:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Hour Ending | Scheduled Energy for Charging | Scheduled Energy for Discharging | Spinning Reserve | Non-Spinning Reserves | Comments |
|  | (MW) | (MW) | (MW) | (MW) |  |
| 1:00 |  |  |  |  |  |
| 2:00 |  |  |  |  |  |
| 3:00 |  |  |  |  |  |
| 4:00 |  |  |  |  |  |
| 5:00 |  |  |  |  |  |
| 6:00 |  |  |  |  |  |
| 7:00 |  |  |  |  |  |
| 8:00 |  |  |  |  |  |
| 9:00 |  |  |  |  |  |
| 10:00 |  |  |  |  |  |
| 11:00 |  |  |  |  |  |
| 12:00 |  |  |  |  |  |
| 13:00 |  |  |  |  |  |
| 14:00 |  |  |  |  |  |
| 15:00 |  |  |  |  |  |
| 16:00 |  |  |  |  |  |
| 17:00 |  |  |  |  |  |
| 18:00 |  |  |  |  |  |
| 19:00 |  |  |  |  |  |
| 20:00 |  |  |  |  |  |
| 21:00 |  |  |  |  |  |
| 22:00 |  |  |  |  |  |
| 23:00 |  |  |  |  |  |
| 0:00 |  |  |  |  |  |

**APPENDIX 15.8**

**DAILY OPERATING REPORT**[[16]](#footnote-17)

Buyer shall create a template for use as a Daily Operating Report which contains all the information required by Buyer regarding the Project’s daily operations (including the Project’s hourly Availability, Capacity, Charging Energy, Delivered Energy, Stored Energy, Maximum Energy Capacity and State of Energy), with Seller’s approval (which approval shall not be unreasonably withheld). Until such template is created and approved by the Parties as provided above, Seller shall not be required to provide such Daily Operating Report as set forth in Section 15.8 of the Agreement.

**APPENDIX 15.8**

**COMMUNICATIONS PROTOCOLS[[17]](#footnote-18)**

**Communication Protocols**

Dated as of \_\_\_\_\_\_\_\_\_\_\_\_\_

These Communication Protocols have been drafted to assist in the operation of the Energy Storage Power Purchase Agreement between Seller and Buyer dated \_\_\_\_\_\_\_\_ (the “Agreement”). If there is any inconsistency between the Communication Protocols and the Agreement, the Agreement shall prevail. These Communication Protocols shall become effective as of the date first set forth above. The Parties acknowledge and agree that these Communication Protocols are subject to change and shall be modified as evolving market conditions and rules may require. Unless otherwise defined in these Communication Protocols, defined terms herein shall have the meanings ascribed in the Agreement.

1. Contacts and Authorized Representatives

The “Contact Information” tables sets forth those contact functions, phone/fax numbers and e-mail information by which each Party elects to be contacted by the other. References in these Communication Protocols to notices by telephone, fax, or e-mail shall be deemed to refer to the applicable number set forth in the Contact Information Table.

2. Communication Protocols - General

2.1 Intra-day Communication: All communications and notices between the Parties that occur intra-day for the applicable trading day including those regarding emergencies, Dispatch Notices, Updated Dispatch Notices, Availability Notices, and notices to avoid imbalance penalties, uninstructed deviation charges/credits or any other CAISO charge types specified in the Agreement, shall be provided telephonically to the applicable Party.

If to Seller, such notices and communications shall be provided to the following contact, in order of priority, (1) Dispatch Desk, (2) Plant Manager. If to Buyer, such notices and communications shall be provided to the following contact, in order of priority, Real Time. Each Party shall confirm all Intra-day Communication either electronically or via fax as soon as practicable.

2.2 Communication Failure: In the event of a failure of the primary communication link between Seller and Buyer, both Parties will try all available means to communicate, including cell phones or additional communication devices as installed.

2.3 System Emergency: Buyer and Seller shall communicate as soon as possible all changes to the schedule requested by the CAISO as a result of a system emergency.

During Transmission System Emergencies, Seller’s operations staff shall communicate with Buyer’s Grid Operations Department via established communications devices. Buyer’s Grid Operations Department will periodically test the communications devices to be utilized during system emergencies.

2.4 Verbal Communication: Each Party shall provide confirmation (either electronically or via facsimile) of any telephonic operating notice or communication provided to the other Party as soon as practicable. All telephonic communication shall be subject to recording.

2.5 Confidentiality: Confidential communications between the Parties in discharging their rights and obligations under the Agreements and these Communication Protocols will be subject to the applicable restrictions set forth in the Agreement.

2.6 Staffing: Parties will have available 24 hours a day, seven days a week, personnel available to communicate regarding the implementation of these Communication Protocols.

**Contact Information Table**

**Contacts and Authorized Representatives for Buyer**

Outlined below is the contact and communication information for the relevant contact groups. This list may be amended by Buyer with timely Notice to Seller.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Contact** | **Primary Phone** | **Secondary Phone** | **Fax** | **Email** |
| Real Time | 858-650-6160 | 619-517-5661 | 858-650-6191 | tsched@semprautilities.com |
| Day-Ahead Scheduling | 858-650-6178 | 858-650-6160 | 858-650-6191 | [presched@semprautilities.com](mailto:presched@semprautilities.com) |
| Day-Ahead Trading | 858-650-6137 | 858-650-6160 | 858-650-6191 | jpasquito@semprautilities.com |
| Settlements – Power | TBD before IDD | TBD before IDD | TBD before IDD | TBD before IDD |
| Contract Administration | TBD before IDD | TBD before IDD | TBD before IDD | TBD before IDD |
| Outage Scheduling | TBD before IDD | TBD before IDD | TBD before IDD | TBD before IDD |
| Transmission System Emergencies | TBD before IDD | TBD before IDD | TBD before IDD | TBD before IDD |

**Contacts and Authorized Representatives for Seller**

Outlined below is the contact and communication information for the relevant Seller employees. This list may be amended by Seller with timely Notice to Buyer.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Contact:** | **Primary Phone** | **Secondary Phone** | **Fax** | **Email** |
| Dispatch Desk  (Day Ahead) |  |  |  |  |
| Dispatch Desk  (Real Time) |  |  |  |  |
| Outage Desk |  |  |  |  |
| Plant Manager |  |  |  |  |
| Contract Administration |  |  |  |  |
| Settlements |  |  |  |  |
| Operations Manager |  |  |  |  |
| Operations Supervisor |  |  |  |  |

1. **NTD**: This should be 70% of the Contract Quantity. [↑](#footnote-ref-2)
2. **Note to Draft**: Buyer to provide form of certificate. [↑](#footnote-ref-3)
3. **NTD**: If the Energy Storage System is DC coupled, then appropriate conversation methodology to be discussed. [↑](#footnote-ref-4)
4. **Note to Draft**: Buyer to provide form. [↑](#footnote-ref-5)
5. **Note to Draft**: [↑](#footnote-ref-6)
6. **Note to Draft**: [↑](#footnote-ref-7)
7. **Note to Draft**: [↑](#footnote-ref-8)
8. **Note to Draft**: Under Buyer review. [↑](#footnote-ref-9)
9. **Note to Draft**: Under Buyer review. [↑](#footnote-ref-10)
10. For Purposes of this Report, “Major” shall mean any activity, event, or occurrence which may have a material adverse impact on the construction of the Project or completion of the Project on a timely basis if such activity, event, or occurrence occurs or if such activity, event, or occurrence fails to occur as anticipated or scheduled, which material adverse impact includes, but is not limited to, Seller’s inability to achieve a Milestone Date. [↑](#footnote-ref-11)
11. **Note to Draft**: [↑](#footnote-ref-12)
12. **Note to Draft**: Under Buyer review. [↑](#footnote-ref-13)
13. **Note to Draft**: Under Buyer review. [↑](#footnote-ref-14)
14. **Note to Draft**: Under Buyer review. [↑](#footnote-ref-15)
15. **Note to Draft**: Under Buyer review. [↑](#footnote-ref-16)
16. **Note to Draft**: Under Buyer review. [↑](#footnote-ref-17)
17. **Note to Draft**: Under Buyer review. [↑](#footnote-ref-18)