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April 9, 2020

**Advice 5746-E-A**

(Pacific Gas and Electric Company ID U 39 E)

**Advice 4152-E-A**

(Southern California Edison Company ID U 338 E)

**Advice 3503-E-A**

(San Diego Gas & Electric Company ID U 902 E)

Public Utilities Commission of the State of California

**Subject: Supplemental: Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company's Demand Response Auction Mechanism Pilot for 2021**

**Purpose**

In compliance with Ordering Paragraph (OP) 29 of Decision (D.) 19-12-040 and a non-standard disposition letter issued by the California Public Utilities Commission (CPUC or Commission) on April 2, 2020, Pacific Gas and Electric Company (PG&E) hereby submits this supplemental advice letter on behalf of Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and itself, jointly the Investor Owned Utilities (IOUs). The IOUs are seeking approval of the 2021 Demand Response Auction Mechanism (DRAM) with an auction in 2020. This advice letter supplements PG&E Advice 5746-E, SCE Advice 4152-E, and SDG&E Advice 3503-E (collectively, Advice 5746-E et al) in part. The contents of Advice 5746-E et al continue to apply unless modified in this supplement. This supplement responds to the Commission's non-standard disposition letter and provides modifications to Advice 5746-E et al and the 2021 DRAM contract, where reasonable.

**Contents**

- I. Background
- II. Solicitation Protocols and Valuation Criteria
- III. Modifications to the DRAM Contract
- IV. Calculation of DR Baselines during Public Safety Power Shutoffs (PSPS) Events

## V. Timeline

### I. Background

The Commission issued D.19-07-009 on July 12, 2019, authorizing a two-step process with an auction to take place in 2019 for deliveries between June 2020 and December 2020 (“2020 DRAM”), as well as annual auctions for deliveries in 2021, 2022, and 2023. The Commission ordered the IOUs to implement eight improvements for the 2020 DRAM,<sup>1</sup> and it authorized a working group to be convened to discuss open issues, including Refinements to Appendix A and B Guidelines on qualifying capacity and demonstrated capacity, respectively. The advice letter was subsequently approved via disposition on September 26, 2019, and the IOUs launched the 2020 DRAM RFO on October 11, 2019.

On December 23, 2019, the Commission issued D.19-12-040, which adopted certain recommendations to improve reliability and performance from a stakeholder working group report as well as other revised recommendations to the report. These refinements apply to 2021 through 2023 DRAM deliveries and addressed several remaining technical requirements and policies; in addition, D.19-12-040 also authorized an annual schedule for refinements of the DRAM. As required by OP 29, the Energy Division led a workshop on January 21, 2020, to discuss refinements for the 2021 DRAM, and the IOUs submitted Advice 5746-E- on January 31, 2020, to incorporate contract improvements and update RFO guidelines.

On February 20, 2020, the California Efficiency + Demand Management Council, CPower, Enel X North America, Inc., Leapfrog Power, Inc., and OhmConnect, Inc. submitted a joint response collectively as “the Joint Parties” to Advice 5746-E et al. The IOUs replied to the response on February 27, 2020. The Commission issued a non-standard disposition of this advice letter on April 2, 2020, directing the IOUs to submit a supplemental advice letter within five business days which incorporates the following changes approved or directed in the non-standard disposition<sup>2</sup>:

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<sup>1</sup> The improvements include: providing accurate qualifying capacity (QC) estimates, imposing a penalty structure for shortfalls in demonstrated capacity (DC), calculating DC on invoices, establishing invoice deadlines, replacement of the residential set-aside with a 10 percent set-aside limited to new market entrants, elimination of the use of the August price cap, exclusion of the Reliability Demand Response Resources (RDRR) in DRAM, and publication of auction mechanism contract summaries. D.19-07-009, OP 6. SCE submitted the advice letter addressing the associated contract improvements and RFO guidelines on behalf of the IOUs on August 12, 2019, under SCE Advice 4054-E, PG&E Advice 5615-E, and SDG&E Advice 3418-E (“Advice 5615-E et al”). The IOUs submitted a supplement to this advice letter on September 17, 2019, addressing parties’ responses to the advice letter and providing edits where reasonable (“Advice 5615-E-A et al”).

<sup>2</sup> PG&E received the non-standard disposition on April 2, 2020. Though it was dated March 30, 2020, the IOUs confirmed with the Commission’s Energy Division that the five business days

- Energy Division agreed with the IOUs' responses on Issues 1, 2, 3, 4 and 6 and directed the IOUs to modify their advice letter consistent with their response.<sup>3</sup>
  - Issue 1 – Supply Plan De-rates and Rejection of Bids Based on Project Viability

The IOUs agreed to provide the evaluation criteria in the solicitation process and Seller onboarding materials so Sellers can understand how their Qualifying Capacity (QC) will be evaluated. The IOUs also agreed to seek clarification when there are concerns regarding the QC estimation reasonableness or generally where clarification might be helpful to make a determination and provide a notice of a de-rate to the Seller. The IOUs' outreach to Sellers would be included in the 10 business days the IOUs have to complete their evaluation of bids. See Section II for the solicitation-based modifications and Section III for the contract-based modifications of this advice letter and the 2021 DRAM Pro Forma, Section 3.1(a) and (b) which address this issue.
  - Issue 2 – Minimum Energy Dispatch Requirement If Revenue Quality Meter Data (“RQMD”) Is Incomplete

Because the minimum energy requirement is tied to the last showing month invoice, the invoice deadline that is triggered upon receiving 95 percent of RQMD requirement would also apply to the data necessary to calculate the required delivered energy quantity. See Section III of this advice letter and the 2021 DRAM Pro Forma, Section 1.7(b) which address this issue.
  - Issue 3 – Delivered Energy Quantity Definition

The IOUs will use the Joint Parties' proposed revision for the definition of Delivered Energy Quantity (DEQ). See Section III of this advice letter and the 2021 DRAM Pro Forma, Section 1.7(c) which address this issue.
  - Issue 4 – Undelivered Energy Penalty Collateral Requirements

Because D.19-12-040 required the IOUs to implement a penalty for Sellers that fail to meet the new energy requirement, the definition of Performance Assurance was modified to reflect the sum of (a) 20 percent of the estimated capacity payments and (b) 20 percent of the undelivered energy penalty, all references to Performance Assurance, including the deadline for Sellers to post the Performance Assurance, apply to this total. No modifications needed as this was already reflected in the pro forma submitted in Advice 5746-E et al.
  - Issue 6 – Deadlines for Data Delivery

Clarify that invoices are due within 30 days after the Seller receiving 95 percent of the RQMD for the applicable Showing Month. See Section III of

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would be counted from the date the IOUs received the non-standard disposition on April 2, 2020.

<sup>3</sup> Commission's non-standard disposition letter issued on April 2, 2020, p. 7.

this advice letter and the 2021 DRAM Pro Forma, Section 1.7(b) which address this issue.

- For Issue 5, Energy Division rejected the IOUs' response and directed IOUs to either 1) include in their supplemental Advice Letter showing where the Commission approved their proposed different treatment of IOU DR customers' baselines versus third party Demand Response Providers (DRP) customers' baselines, or 2) exclude the Power Safety Power Shutoff (PSPS) events from the baseline calculation of DRAM customers.<sup>4</sup> See Section IV of this advice letter for the IOUs' response to this issue.
- For Issue 7, Energy Division adopted the IOU proposed Long-Run Avoided Cost (LRAC) methodology and required that the IOU specific short-run Resource Adequacy (RA) value shall be used for the purposes of pro-rating the annual LRAC value for partial year bids. Energy Division also authorized the IOUs to bring to the attention of Energy Division and the Procurement Review Group a bid that would have ranked with the selected offers except for it being priced above the adjusted LRAC, and to justify the selection of that bid to Energy Division and the PRG, and seek approval to accept an otherwise economic bid from Energy Division. See Section II of this advice letter which addresses this issue.
- Corrections on Reassignments and Milestones:
  - Modifications to Section 15.4(b):  
If Seller seeks to assign this Agreement or its rights hereunder and Buyer's consent is required pursuant to CPUC rules on reassignment described in Decision 19-12-040 or other applicable rules or laws, then no later than thirty (30) calendar days in advance of the proposed assignment, Seller shall issue Notices to the Commission's Energy Division and to Buyer informing each of Seller's intent to assign, and shall inform prospective Demand Response Providers by emailing all regulatory affairs or contract managers for all registered Demand Response Providers. See 2021 DRAM Pro Forma, Section 15.4(b) which addresses this issue.
  - Modifications to Exhibit H  
From the Effective Date of this Agreement and continuing until the commencement of the Delivery Period, Seller shall provide a monthly Progress Report containing, at a minimum, the information listed below, as applicable. In accordance with Section 3.3(b), the report must be sent via e-mail in the form of a single Adobe Acrobat file or facsimile to Buyer, on the fifth tenth (5th 10th) Business Calendar Day of each month, or within five (5) days after Buyer's request. See Exhibit H of the 2021 DRAM Pro Forma which addresses this issue.

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<sup>4</sup> Commission's non-standard disposition letter issued on April 2, 2020, p. 7.

## **II. Solicitation Protocols and Valuation Criteria**

The IOUs propose to follow the same protocols, procedures, use of an Independent Evaluator (IE), and valuation processes as used for the 2020 DRAM approved via disposition on September 25, 2019, and as described in Advice 5746-E et al, with the exception of the following key differences:

### **Offer Valuation and Selection**

The IOUs propose to include an additional parameter to the Offer Valuation and Selection section pertaining to the QC assessment process, in response to the non-standard disposition.

To the extent possible given the limited time, the IOUs may seek clarification from bidders when there are concerns that the QC estimation does not appear to be reasonable or generally where clarification would be helpful in making a determination.

### **Long-Run Avoided Cost of Generation**

The IOUs will utilize a common methodology to assess whether the price of an offer exceeds the long-run avoided cost of generation (LRAC). The LRAC is a measure of the leveled cost of a marginal unit of a combined cycle gas turbine over a year, measured in dollars per kilowatt-year (\$/kW-year). As bidders may submit an offer for all 12 months of 2021 or any subset of months, with only a minimum requirement to offer capacity in the month of August, the IOUs will implement a weighting methodology to prorate the LRAC for any bids that offer a subset of the available term. The IOUs will weigh the months offered by the respective short-run Resource Adequacy (RA) value used for assessing the RA benefits. Such a methodology should not be precedential for other RFOs and should be re-evaluated before applying to future DRAM solicitations.

## **III. Modifications to the DRAM Contract**

The IOUs provide the following additional revisions in compliance with D.19-12-040, consistent with the non-standard disposition letter issued on April 2, 2020, and updates and corrections identified since the original advice letter was submitted, as applicable:

- Sections 1.6(b)(iii) and 3.1(b) reflect the QC de-rate notice that the Buyer may issue if it finds the Seller's QC estimate (provided 10 business days in advance of the monthly supply plan submission to the Buyer) unreasonable, and the Seller's obligation to either match the de-rate quantity or perform a dispatch or test during such showing month.<sup>5</sup> Additional clarification has been added to Sections 3.1(a) and (b) specifying that:

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<sup>5</sup> D.19-12-040, OP 18.

- Buyers shall, to the extent reasonably practicable, request clarification from the Seller of any questions or concerns about the information provided and take into consideration any clarification or additional information timely provided by Seller;
- Buyers shall issue a QC de-rate notice to the Seller in the event that the Buyer intends to de-rate the QC of the resource no later than eight business days prior to the Buyer's compliance showing deadlines;
- Buyers will include the amount of the de-rate and an explanation for the de-rate specifying the shortcoming in the additional information provided by Seller; and
- Sellers should have five business days to respond to the de-rate notice to ensure sufficient time for both the Buyer and Seller to comply with the requirement to align supply plans.<sup>6</sup>
- Sections 1.7, 5.1(a), and Exhibit E incorporate the minimum energy dispatch requirements, penalties, and associated credit and collateral requirements. The IOUs:
  - Provide additional clarification for Section 1.7(b) specifying that the submission of the final invoice, which includes the Seller's submission of its minimum energy dispatch documentation, is pursuant to the provisions in Section 4.2(a), requiring that the Seller has received revenue quality meter data (RQMD) for at least 95 percent of all intervals required for settlement.
  - Correct the definition of the Delivered Energy Quantity (DEQ) to align to D.19-12-040.
- Sections 3.3, 9.1(b)(vii), and Exhibit H require that a Seller meet contract milestones prior to commencement of the delivery period, including, if asked by the Buyer, to provide progress reports and evidence of completion, and that failure to meet such milestones by the applicable deadlines is an event of default. The IOUs correct the progress report deadlines in Exhibit H to align to the due dates in Section 3.3(b).
- Sections 5.1(c) addresses a potential downgrade in a Seller's credit score, which should trigger a performance assurance to be provided. In addition, Section 5.3(a) has been updated to specify that the performance assurance should be returned in the form in which it was provided. Finally, the definitions of "Letter of Credit," "Letter of Credit Default," and "Ratings Agencies" have been revised to better track the definitions used in PG&E's DRAM pro forma, which SCE and SDG&E also wish to adopt, and the definition of "Fitch" has been removed because it is not used in the revised definitions.

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<sup>6</sup> Advice 5746-E et al included a 10 business day timeframe for a Seller to submit a notice in response to the Buyer's de-rate notice indicating whether they would accept the Buyer's de-rated QC or would prefer to keep their original QC, but perform a DC Dispatch or DC Test during the applicable Showing Month. However, 10 business days may not leave sufficient time for the Seller's Notice to be considered in advance of the Buyer's and Seller's compliance date for submitting supply plans, which may result in mismatched supply plans. To mitigate the risk of this potential compliance issue, the IOUs propose to reduce this to 5 business days.

- Section 15.4(b) addresses the new process for Sellers seeking to reassign their contract to another DRP.<sup>7</sup> The IOUs provide additional clarification to describe the reassignment process described in Decision 19-12-040. The language in the non-standard disposition letter has been modified slightly to clarify that this process applies to all reassessments for which the Buyer's consent is required under the DRAM agreement.
- Updates to Exhibits D, E, G, and H to direct DRAM Sellers to use the ED's Final DRAM Templates.<sup>8</sup>

#### **IV. Calculation of DR Baselines during PSPS Events**

In their response to Advice 5746-E et al, the Joint Parties requested that (a) PSPS event days be excluded in baseline calculations for DR customers that are affected by a PSPS outage, and (b) that the risk to revenue erosion should not be borne exclusively by the Seller.

The IOUs rejected this proposal in their reply to the Joint Parties' response, citing their authority to interrupt service to customers and third-party providers, without liability, for safety purposes, and that DRAM Sellers are not entitled to different treatment or adjustments to their baseline calculations, or protection of their DRAM contract payments or penalty provisions against PSPS events. Subsequently, the Energy Division rejected the IOUs' response, directing "the IOUs to either (1) include in their supplemental Advice Letter showing where the Commission approved their proposed different treatment of IOU DR customers' baselines versus third party DRP customers' baselines, or (2) exclude the PSPS events from the baseline calculation of DRAM customers."<sup>9</sup>

On April 6, 2020, the IOUs held a joint conference call to discuss this issue with the Energy Division, specifying that the IOUs were not aware of any Commission- approved differences in treatment between IOU DR customers' baseline methodologies and third party DRP customers' baseline methodologies, and explaining the process by which a DRAM Seller could exclude PSPS events from the baseline calculation. First and foremost, the CAISO tariff governs how all DRPs calculate wholesale market settlements, and as participants in the CAISO wholesale energy market, IOUs and DRAM Sellers are subject to the same CAISO rules and tariffs regarding the calculation of DR baselines. Similarly, the exclusion of PSPS events from a DRP's CAISO baseline wholesale settlement calculation should not differ between an IOU and a DRAM Seller. The IOUs clarify that DRAM Sellers or their scheduling coordinators, under the existing CAISO rules and tariffs, may issue outages on their CAISO resources that are expected to experience outages, such as a PSPS event.<sup>10</sup> By issuing an outage for that resource, the DRAM

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<sup>7</sup> D.19-12-040, OP 9.

<sup>8</sup> Final DRAM Templates published March 13, 2020.

<sup>9</sup> Commission's non-standard disposition letter issued on April 2, 2020, p. 7.

<sup>10</sup> CAISO Business Practice Manual, section 3.

Seller, or its scheduling coordinator, would be permitted under the CAISO tariff to exclude that outage from the resource's baseline.<sup>11</sup> Since the DRAM contract relies on the DRAM Seller's compliance with CAISO rules and tariffs, and the CAISO tariff and business practice manual appropriately address the treatment of outages in baseline calculations, the exclusion of PSPS events from baseline calculations of DRAM customers is the responsibility of the DRAM Seller or its scheduling coordinator, not the IOUs.

## V. Timeline

The IOUs will launch the 2021 DRAM RFO following all necessary approvals from the Commission. The following schedule is based on the IOUs' partial approval of their extension request.<sup>12</sup> Such timelines are non-binding and subject to modification.

Action	Date
IOUs Submit Supplemental Tier 2 Advice Letters for 2021 DRAM with Contract Improvements and Request for Offer Guidelines	April 9, 2020
Protests Due	April 16, 2020
Replies to Protests Due (If Protested)	April 21, 2020
Commission Approval of Tier 2 Advice Letter	April 24, 2020
IOUs Launch 2021 DRAM RFO	May 15, 2020
Bidder's Conference Webinar	May 19, 2020
Deadline for RFO Bid Submissions	June 1, 2020
Request to Cure	June 5, 2020
Cure Period Ends	June 10, 2020
IOUs Notify Shortlisted Bidders of Selection	June 29, 2020
Deadline for Bidders to Sign Contracts	July 2, 2020
IOUs Submit Tier 1 Advice Letters with Executed Contracts	July 15, 2020
Deadline for CAISO Registration, Utility Data Systems Integration, and Commission Registration Milestones	September 18, 2020
First QC Estimates Submitted for 2021 DRAM	October 19, 2020
First Supply Plans Submitted for 2021 DRAM	November 2, 2020
Deliveries Begin for 2021 DRAM	January 1, 2021

<sup>11</sup> CAISO tariff, Section 4.13.4.1(a).

<sup>12</sup> The IOUs jointly submitted a request for an extension of time to launch the 2021 DRAM RFO, scheduled for April 1, 2020, and to submit the Tier 1 advice letter with executed contracts resulting from this RFO, scheduled for June 1, 2020, pursuant to Table 7 of D.19-12-040. The Commission partially approved this extension request on April 1, 2020, allowing the RFO to be launched three weeks after Commission approval of this advice letter, but limiting the Tier 1 advice letter to be due two months after the launch of the RFO. This schedule will shift accordingly if Commission approval of this Tier 2 advice letter is delayed.

**Protests**

**\*\*\*Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov) and [PGETariffs@pge.com](mailto:PGETariffs@pge.com)\*\*\***

The IOUs request the protest period to be shortened to seven days,<sup>13</sup> because (1) the majority of changes implemented in the attached supplemental ALs and pro forma were directed by the April 2, 2020 disposition letter thus providing parties sufficient notice of what to expect in this supplemental submittal, (2) other changes proposed are administrative and minor corrections to ensure compliance and transparency in the administration of the contract and should not cause harm to any stakeholder, and (3) the changes must be accepted as soon as possible in order to keep with the timeline above for the 2021 DRAM RFO, which requires Sellers to have sufficient time to meet contract milestones to avoid an event of default. Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than April 16, 2020, which is seven days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-3582  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

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<sup>13</sup> General Order 96-B section 1.3 Construction; Waiver or Variance,"... In a specific instance and for good cause, the Director of the appropriate Industry Division may shorten the protest and reply period under the General Rules."

Gary A. Stern, Ph.D.  
Managing Director, State Regulatory Operations  
Southern California Edison Company  
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Rosemead, California 91770  
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Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

### **Attachments**

This advice letter contains the following attachments:

- Attachment A: 2021 DRAM Purchase Agreement (clean version)
- Attachment B: 2021 DRAM Purchase Agreement (redline version compared to Advice 5746-E et al)

### **Authorization**

This Advice Letter is submitted by PG&E on behalf of, and with the authorization from, SCE and SDG&E.

**Tier Designation**

Pursuant to D.19-12-040 and General Order (GO) 96-B, Energy Industry Rule 5.3, this Advice Letter is submitted with a Tier 2 designation and will be effective April 24, 2020, the 15<sup>th</sup> calendar day after the submittal date.

**Effective Date**

Pursuant to General Order 96-B, Section 5.8, this Tier 2 advice letter will be effective upon Commission disposition or resolution.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for A.17-01-012 et al. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson  
Director, Regulatory Relations

Attachments

cc: Service List for A.17-01-012 et al  
Aloke Gupta – Energy Division  
Maryam Mozafari – Energy Division  
Christian Knierim – Energy Division



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric  
PLC = Pipeline

GAS = Gas  
HEAT = Heat

WATER = Water

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5746-E- A et al.

Tier Designation: 2

Subject of AL: Supplemental: Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company's Demand Response Auction Mechanism Pilot for 2021

Keywords (choose from CPUC listing): Compliance,

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-12-040

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution required?  Yes  No

Requested effective date: 4/24/20

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: PGETariffs@pge.com

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Advice 5746-E-A  
April 9, 2020

## **Attachment A**

**2021 DRAM Purchase Agreement (clean version)**

**2021 DRAM RFO PRO FORMA**

**DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE  
AGREEMENT**

*between*

**[NAME OF SELLER]**

*and*

**SOUTHERN CALIFORNIA EDISON COMPANY**

**DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE AGREEMENT  
BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT  
BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT  
BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT**  
**BY AND BETWEEN**  
**[NAME OF SELLER]**  
**AND**  
**SOUTHERN CALIFORNIA EDISON COMPANY**

**PREAMBLE**

This Demand Response Resource Purchase Agreement, together with its exhibits (the “Agreement”) is entered into by and between **SOUTHERN CALIFORNIA EDISON COMPANY**, a California corporation (“Buyer”), and **[Aggregator or Demand Response Provider]**, a **[Seller’s business registration]** (“Seller”), as of the latest signature date hereof (“Execution Date”). Buyer and Seller are referred to herein individually as a “Party” and collectively as “Parties.” Unless the context otherwise specifies or requires, capitalized terms in this Agreement have the meanings set forth in Exhibit A.

**AGREEMENT**

In consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

**ARTICLE 1. TRANSACTION**

**1.1. Purchase and Sale of the Product**

(a) During the Delivery Period, Seller shall sell and deliver, and Buyer shall purchase and receive, the Product as indicated in Table 1.1(b) in the amount of the Monthly Contracted Quantity, as indicated in Exhibit B, subject to and in accordance with the terms and conditions of this Agreement. The Product shall be a Proxy Demand Resource (PDR).

(b) The Product is:

**Table 1.1(b)**

Product Selected	Type of Product	Local Capacity Area (as applicable)
<input type="checkbox"/>	Product A: System Capacity	Not applicable

<b>Product Selected</b>	<b>Type of Product</b>	<b>Local Capacity Area (as applicable)</b>
<input type="checkbox"/>	Product B-1: Local Capacity with System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product B-2: Local Capacity with System Capacity	Big Creek/Ventura LCA Substations
<input type="checkbox"/>	Product C1: Flexible Capacity (Flexible Category 1) with System Capacity	Not applicable
<input type="checkbox"/>	Product C2: Flexible Capacity (Flexible Category 2) with System Capacity	Not applicable
<input type="checkbox"/>	Product C3: Flexible Capacity (Flexible Category 3) with System Capacity	Not applicable
<input type="checkbox"/>	Product D1-1: Flexible Capacity (Flexible Category 1) with Local and System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product D1-2: Flexible Capacity (Flexible Category 1) with Local and System Capacity	Big Creek/Ventura LCA Substations
<input type="checkbox"/>	Product D2-1: Flexible Capacity (Flexible Category 2) with Local and System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product D2-2: Flexible Capacity (Flexible Category 2) with Local and System Capacity	Big Creek/Ventura LCA Substations

Product Selected	Type of Product	Local Capacity Area (as applicable)
<input type="checkbox"/>	Product D3-1: Flexible Capacity (Flexible Category 3) with Local and System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product D3-2: Flexible Capacity (Flexible Category 3) with Local and System Capacity	Big Creek/Ventura LCA Substations

(c) Seller to indicate whether the Product is:

- \_\_\_\_\_ a Residential Customer Product; or
- \_\_\_\_\_ not a Residential Customer Product

*{SCE Comment: Seller to choose only one option which applies to all Product for this Agreement}*

(d) If Seller has chosen to deliver Product that is not Residential Customer Product, its DRAM Resource may nevertheless include Residential Customers and Small Commercial Customers.

## 1.2. Term

The “Term” of this Agreement shall commence upon the Execution Date and shall continue until the expiration of the Delivery Period, subject to the survival provisions of Section 9.6.

## 1.3. Delivery Period

The “Delivery Period” shall commence on the later of (a) the first day of the first month that begins after seventy-five (75) calendar days following CPUC Approval, and (b) *[Date]*, and shall continue in full force and effect until *[Date] {SCE Comment: The Date should be the last calendar day of the last Showing Month}*, unless terminated earlier in accordance with the terms and conditions of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Delivery Period will not commence until CPUC Approval is obtained or waived by Buyer in its sole discretion.

*{SCE Comment: Dates will be based on Seller's bid that was selected by SCE in the RFO. Currently that would be no earlier than January 2021 and no later than December 2021.}*

## 1.4. Seller’s Designation of the DRAM Resource

(a) On or before the date that is seventy-five (75) calendar days prior to the first Showing Month, and on a monthly basis thereafter no less than seventy-five (75)

calendar days prior to the applicable Showing Month if any of the information below changes, Seller shall:

- (i) Provide to Buyer the Resource ID(s) for each PDR providing the Product pursuant to this Agreement.
  - (ii) Confirm in writing to Buyer that each PDR identified by Seller pursuant to Section 1.4(a)(i) is comprised solely of Bundled Service Customers, comprised solely of Unbundled Service Customers, or comprised of a mixture of Bundled and Unbundled Service Customers.
  - (iii) If the Product pursuant to this Agreement is a Joint Resource, Seller shall confirm in writing to Buyer (x) the amount of the capacity of such Joint Resource that will be used to show Demonstrated Capacity under this Agreement and (y) the total capacity of such Joint Resource.
- (b) Sellers shall sell and deliver System Capacity, Local Capacity, and/or Flexible Capacity from PDRs, as designated in Section 1.1(b).
  - (c) The Parties shall cooperate to implement the requirements of Rule 24 to enroll Resource Customers in order for Seller to designate the PDR(s) pursuant Section 1.4(a)(i).

## **1.5. Monthly Contracted Quantity and Corresponding Contract Price**

- (a) The Monthly Contracted Quantity and Contract Price for the type of Product indicated in Table 1.1(b) for each applicable Showing Month during the Delivery Period is set forth in Exhibit B.
- (b) In the event that Seller is not able to register the DRAM Resource for part or all of a Monthly Contracted Quantity for a Showing Month due solely to (i) the actions or inactions of Buyer or the CAISO, or (ii) insufficient Rule 24 registrations under D.16-06-008 Ordering Paragraph 6, then Seller may, in its sole discretion, by providing Notice to Buyer on or before the date that is sixty (60) calendar days prior to the Showing Month for which Seller is unable to register the DRAM Resource, reduce the Monthly Contracted Quantity for the unregistered capacity by type of Product for such Showing Month; *provided*, Seller shall demonstrate to Buyer's reasonable satisfaction that Seller made commercially reasonable efforts to register the DRAM Resource corresponding to such reduced Monthly Contracted Quantity for the unregistered capacity by type of Product in the applicable Showing Month.
- (c) In the event that material changes to definition of Resource Adequacy, including but not limited to changes in the Resource Adequacy Availability Assessment Hours, are adopted during the Term of this Agreement, then Seller may, in its sole discretion, by providing Notice to Buyer on or before August 31, 2020, either (i) reduce the Monthly Contracted Quantity for the following year or (ii) terminate this Agreement.

- (d) Seller's exercise of its rights under Sections 1.5(b) or (c) will not be deemed to be a failure of Seller's obligation to sell or deliver the Product or a failure of Buyer's obligation to purchase or receive the Product, and will not be or cause an Event of Default by either Party. Neither Party shall have any further obligation or liability to the other and no Settlement Amount with respect to this Agreement will be due or owing by either Party upon termination of this Agreement due solely to Seller's exercise of its rights under Section 1.5(c).

## **1.6. Demonstrated Capacity**

- (a) Each invoice submitted by Seller to Buyer pursuant to Section 4.2 shall include a statement, in a form substantially similar to Exhibit C, of the amount of the Qualifying Capacity for each type of Product for such Showing Month that Seller was capable of delivering ("Demonstrated Capacity"), utilizing the results from one of the following methods, as provided below (subject to the additional restrictions set forth in Section 1.6(b)):
- (i) The results of a DC Dispatch of the applicable PDR in the DRAM Resource during such Showing Month. The Demonstrated Capacity for System and Local Capacity will equal the maximum hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline; provided that, for the Showing Month of August, the Demonstrated Capacity for System and Local Capacity will equal the average hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline. The Demonstrated Capacity for Flexible Capacity will equal the average hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline. If the CAISO issues a dispatch instruction for less than one hundred percent (100%) of the Qualifying Capacity of the applicable PDR in the DRAM Resource (a "Partial DC Dispatch"), then Seller may elect to submit the results of such Partial DC Dispatch during such Showing Month for its Demonstrated Capacity showing. Upon such election, the load reduction resulting from such Partial DC Dispatch shall be compared to the Qualifying Capacity of the entire PDR for purposes of deriving the DC-QC Ratio of the DRAM Resource in accordance with Section 4.1.
- (ii) The results of a DC Test in the event that (A) there is no DC Dispatch of the PDR in the DRAM Resource for one hundred percent (100%) of the Qualifying Capacity of the applicable Showing Month, and (B) Seller does not submit the results of a Partial DC Dispatch during the Showing Month as contemplated under 1.6(a)(i) above. The Demonstrated Capacity for System and Local Capacity will equal the maximum hourly load reduction during any hour of such DC Test as calculated using the Capacity Baseline; provided that, for the Showing Month of August the Demonstrated Capacity for System and Local Capacity will equal the average hourly load reduction during any two (2) consecutive hours as calculated using the Capacity Baseline. The Demonstrated Capacity for

Flexible Capacity will equal the average hourly load reduction during any hour of such DC Test as calculated using the Capacity Baseline; provided that, for the Showing Month of August the Demonstrated Capacity for Flexible Capacity will equal the average hourly load reduction during any two (2) consecutive hours as calculated using the Capacity Baseline.

- (iii) In the event that (A) there is no DC Dispatch of the PDR in the DRAM Resource during the Showing Month for one hundred percent (100%) of the Qualifying Capacity of the applicable Showing Month, (B) Seller does not submit the results of a Partial DC Dispatch as contemplated under 1.6(a)(i) above, and (C) there is no DC Test of the PDR in the DRAM Resource during the Showing Month as contemplated under 1.6(a)(ii) above, the Demonstrated Capacity will equal the average amount of capacity for such PDR in the DRAM Resource that the Seller bid into the applicable CAISO Markets solely during the Availability Assessment Hours of the Showing Month in compliance with the CAISO MOO.
- (b) Seller's use of the methods described in Sections 1.6(a)(i)-(iii) is subject to the following additional restrictions:
  - (i) Demonstrated Capacity for each PDR in the DRAM Resource must be calculated under Section 1.6(a)(i) or 1.6(a)(ii) for the August Showing Month of each year and for at least fifty percent (50%) of all contracted Showing Months during the Delivery Period (rounded downward if the Delivery Period is an odd number of Showing Months). For example, if the Delivery Period consists of seven (7) Showing Months, then a DC Test or DC Dispatch shall be required for at least three (3) of such Showing Months, including the Showing Month of August.
  - (ii) Demonstrated Capacity for any PDR in the DRAM Resource shall not be calculated under Section 1.6(a)(iii) for more than five (5) consecutive Showing Months during the Delivery Period (prorated, if the Delivery Period is less than twelve (12) Showing Months, to a number equal to half of the Showing Months in the Delivery Period minus one: e.g., two consecutive Showing Months for a six-month Delivery Period).
  - (iii) Demonstrated Capacity for each PDR in the DRAM Resource shall be calculated under Section 1.6(a)(i) or 1.6(a)(ii) for any Showing Month for which a QC De-Rate Notice was issued without a corresponding agreed reduction in Supply Plan quantities, as further provided in Section 3.1(b).
- (c) The same Capacity Baseline must be used (i) to estimate Qualifying Capacity for Seller's month-ahead submissions pursuant to Section 3.1(a) for a Showing Month; (ii) to calculate Demonstrated Capacity for the applicable Showing Month; and (iii) for energy settlement at the CAISO for the applicable Showing Month.

- (d) Solely for purposes of establishing the Demonstrated Capacity pursuant to Section 1.6(a), Seller shall use data available through Buyer's Customer Data Access Systems that has been designated by Buyer as final Revenue Quality Meter Data and such data shall be considered final by the Parties as of the date Seller submits its invoice for the applicable Showing Month to Buyer.
- (e) If Seller has not received all Revenue Quality Meter Data for any Resource ID within fifteen (15) calendar days after the end of any Showing Month, Seller shall provide Notice to Buyer of the Resource IDs (and customer service accounts with missing Revenue Quality Meter Data within each such Resource ID), and the dispatch days and hours during such Showing Month, for which Revenue Quality Meter Data has not been received. Seller and Buyer shall comply with the communication protocols set forth in Exhibit D with respect to data issues.
- (f) If the DRAM Resource is composed of more than one PDR, then:
  - (i) Seller may establish the portion of the Demonstrated Capacity for each such PDR by using the methods described in Sections 1.6(a)(i) through (iii), in which case the Demonstrated Capacity will equal the sum of the individual PDRs' Demonstrated Capacities.
  - (ii) The Showing Months in which DC Dispatches or DC Tests are conducted may be different for each such PDR except for the Showing Month of August, in which a DC Dispatch or DC Test is required for every PDR in the DRAM Resource pursuant to Section 1.6(b)(i).
  - (iii) In the event that multiple Resource IDs are dispatched concurrently in a Showing Month, Seller may aggregate the performance of the concurrently dispatched Resource IDs for the purpose of Demonstrated Capacity invoicing and compare the sum of such aggregated performance against the sum of the Qualifying Capacity of those Resource IDs as listed on the applicable Supply Plan. For Local Capacity products, the aggregation of concurrently dispatched Resource IDs shall be limited to resources within the same SubLAP.
- (g) With respect to any DRAM Resource Customer service account that was moved in a Showing Month pursuant to Section 3.4(d), Seller shall include the performance of such DRAM Resource Customer service account only in one PDR for purposes of the calculation of Demonstrated Capacity for such Showing Month.
- (h) If any respective PDR in the DRAM Resource is a Joint Resource, Seller's invoice shall indicate (i) the amount of the capacity of such Joint Resource used to show Demonstrated Capacity for a specific type of Product for such Showing Month and (ii) the total capacity of such Joint Resource during such Showing Month.

- (i) If the type of Product Seller delivers under this Agreement is a Residential Customer Product, Seller's invoice shall indicate the number of Residential Customer SAID agreements and the number of Small Commercial SAID accounts in each PDR for such type of Product.
- (j) In addition to the requirements in Section 1.6(a), if Seller is electing Demonstrated Capacity for Local Capacity, then, as part of Seller's Demonstrated Capacity for Local Capacity, Seller's invoice shall indicate the number of SAID agreements in the applicable LCA that are associated with the Local Capacity as indicated in Table 1.1(b) and Exhibit C.
- (k) If Buyer is unable to validate, or disputes, any amount shown in Seller's invoice and Notice of Demonstrated Capacity, then Buyer shall issue a Notice to that effect to Seller in accordance with Section 1.6(k)(i) below. Pursuant to Section 1.6(k)(ii), Seller shall be required to provide additional documentation from Seller or Seller's SC in the form or format requested by Buyer that establishes to Buyer's reasonable satisfaction that the Demonstrated Capacity of each Product type from a PDR or Joint Resource is as stated by Seller in its invoice for the applicable Showing Month.
  - (i) Buyer shall issue such Notice on or before the later of: (A) the twentieth (20th) calendar day of the month and (B) the tenth (10th) calendar day after receipt of Seller's invoice and Demonstrated Capacity; provided that, if such day is not a Business Day, then on the next Business Day.
  - (ii) No later than ten (10) Business Days after receipt of Buyer's Notice, Seller shall provide the additional documentation to Buyer. If Seller fails to provide the additional documentation within such ten (10) Business Day deadline, then Buyer shall either (A) pay the subject invoice or (B) initiate an audit of Seller's or Seller's SC records by issuing a Notice ("Audit Notice") to Seller, in each case no later than fifteen (15) Business Days after the expiration of such ten (10) Business Day deadline.
  - (iii) No later than fifteen (15) Business Days after receiving the additional documentation from Seller, Buyer shall either: (A) pay the subject invoice or (B) initiate an audit of Seller or Seller's SC records by issuing an Audit Notice to Seller if the additional documentation is unsatisfactory to Buyer in its reasonable discretion.
- (l) With respect to an Audit Notice issued under Section 1.6(k)(ii) or (iii), no later than five (5) Business Days after Seller's receipt of an Audit Notice, Seller shall allow, or cause its SC to allow, Buyer or its designated independent third-party auditor to have access to the records and data, which must be in the form or format requested by Buyer under Section 1.6(k) above, necessary to conduct such audit; *provided*, such audit will be limited solely to verification of the data upon which Seller based its claim of the amount of the Demonstrated Capacity. If the type of Product designated in Section 1.1(b) is a Residential Customer Product,

then, in addition to the documentation specified above, Buyer may, in its Audit Notice, require Seller or Seller's SC to provide additional documentation in the form or format requested by Buyer, that establishes to Buyer's reasonable satisfaction that the type of Product is Residential Customer Product as stated by Seller in its invoice for the applicable Showing Month. Buyer's costs, including the costs for any third-party auditor, incurred in connection with conducting such audit are the sole responsibility of Buyer. Buyer shall make a reasonable effort to conclude its audit within sixty (60) calendar days after receiving all records and data that Buyer deems necessary to complete or resolve the disputed invoice. If the audit does not result in the resolution of the disputed invoice, then either Party may initiate the Dispute Resolution process pursuant to Article 10.

## **1.7. Minimum Energy Dispatch Requirements**

- (a) Seller shall comply with the energy dispatch requirements set forth on Exhibit E, "Minimum Energy Dispatch Requirements".
- (b) Concurrently with the submission of its final invoice under this Agreement pursuant to Section 4.2(a), (or earlier, if Seller has received sufficient Revenue Quality Meter Data), Seller shall submit to Buyer documentation showing CAISO settlements for the delivery of the Required Energy Quantity, as calculated in accordance with Exhibit E and Section 1.7(c) below. Seller may omit price and revenue data from the documentation submitted under this Section 1.7(b).
- (c) If Seller fails to meet any of the requirements of Sections 1.7(a) and (b) above, Seller shall pay to Buyer an "Undelivered Energy Penalty" equal to:

$$\$10,000/\text{MW} \times \text{AQC} \times (1 - \text{DEQ}/\text{REQ})$$

Where:

AQC = the average Qualifying Capacity (in MW) for each of the three highest Showing Months on the month-ahead Supply Plans delivered hereunder

DEQ = the cumulative energy delivered by the applicable aggregate resources during the contracted Showing Months and during the Availability Assessment Hours

REQ =  $30 \text{ MWh} \times \text{AQC}$

- (d) The Undelivered Energy Penalty may be netted by Buyer against amounts that would otherwise be due to Seller under this Agreement. Seller's payment of the Undelivered Energy Penalty shall be secured by the Performance Assurance as specified in Article 5.

## ARTICLE 2. CPUC APPROVAL

### **2.1. Obtaining CPUC Approval**

Within thirty (30) calendar days after the Execution Date, Buyer shall file with the Commission the appropriate request for CPUC Approval. Seller shall use commercially reasonable efforts to support Buyer in preparing for and obtaining CPUC Approval. Buyer has no obligation to seek rehearing or to appeal a Commission decision which fails to approve this Agreement or which contains findings required for CPUC Approval with conditions or modifications unacceptable to either Party.

### **2.2. CPUC Approval Termination Right**

- (a) Either Party has the right to terminate this Agreement upon Notice, which will be effective five (5) Business Days after such Notice is given, if (i) CPUC Approval has not been obtained or waived by Buyer in its sole discretion within sixty (60) calendar days after Buyer files its request for CPUC Approval and (ii) such Notice of termination is given on or before the ninetieth (90th) day after Buyer files the request for CPUC Approval.
- (b) Failure to obtain CPUC Approval in accordance with this Article 2 will not be deemed to be a failure of Seller to sell or deliver the Product or a failure of Buyer to purchase or receive the Product, and will not be or cause an Event of Default by either Party. No Settlement Amount with respect to this Agreement will be due or owing by either Party, and neither Party shall have any obligation or liability to the other, upon termination of this Agreement due solely to failure to obtain CPUC Approval.

## ARTICLE 3. SELLER OBLIGATIONS

### **3.1. Delivery of Product**

- (a) No later than the deadlines set forth in subsections (i) and (ii) below, Seller shall submit, or cause Seller's SC(s) to submit:
  - (i) No later than ten (10) Business Days prior to Buyer's Compliance Showing deadlines each year or Showing Month (as applicable), Notice to Buyer which shall include Seller's Supply Plan for such year or Showing Month (as applicable) in (A) a form substantially similar to Exhibit F, or (B) a form as communicated in writing by Buyer to Seller no later than fifteen (15) Business Days prior to Buyer's Compliance Showing deadlines for such year or Showing Month (as applicable). Such Supply Plan shall include the Qualifying Capacity for each PDR identified by Seller pursuant to Section 1.4(a)(i), the sum of which shall not exceed the Monthly Contracted Quantity.
  - (ii) No later than ten (10) Business Days prior to the deadline for Seller's Supply Plan submission in subsection (i) immediately above, the additional

information required by the implementation guidelines set forth in D.19-07-009, Appendix A, attached hereto as Exhibit G (the “QC Implementation Guidelines”), including the Qualifying Capacity for each PDR identified by Seller pursuant to Section 1.4(a)(i), presented in the standardized reporting format developed by the CPUC pursuant to Ordering Paragraph 8 of D.19-07-009. If Buyer has any questions or concerns about the information provided by Seller pursuant to this Section 3.1(a)(ii), Buyer shall, to the extent reasonably practicable, request clarification from Seller) and take into consideration any clarification or additional information timely provided by Seller.

- (b) No later than eight (8) Business Days prior to Buyer’s Compliance Showing deadlines each year or Showing Month (as applicable), Buyer shall issue a Notice to Seller in the event Buyer intends to include in Buyer’s applicable compliance filings any amount less than the quantities in Seller’s Supply Plan submitted to Buyer (“QC De-Rate Notice”). The QC De-Rate Notice will include the amount of the de-rate to such quantities and will identify the shortcomings or deficiencies in the information provided by Seller pursuant to Section 3.1(a)(ii). If Buyer issues a QC De-Rate Notice, then Seller shall provide Notice to Buyer, no later than five (5) Business Days after receipt of such QC De-Rate Notice, that Seller will either:
  - (i) reduce the quantities in its Supply Plan for the applicable Showing Month to conform to the quantities shown in the QC De-Rate Notice (or such other amount as may be agreed in writing by Buyer and Seller); or
  - (ii) perform a DC Dispatch or DC Test during the applicable Showing Month.

In all cases, if the Parties do not agree upon the reduction in Seller’s Supply Plan quantities under subsection 3.1(b)(i) above, then a DC Dispatch or DC Test shall be required for each and every Showing Month for which Buyer has issued a QC De-Rate Notice.

- (c) Seller shall, on a timely basis, submit, or cause its SC to submit, a Supply Plan to CAISO in accordance with the CAISO Tariff. The quantities in the Supply Plan that is submitted to the Buyer under Section 3.1(a)(i) shall exactly match what is submitted by the Seller or its SC to the CAISO due on the earliest monthly applicable Buyer’s Compliance Showing deadlines with CAISO and CPUC.

### **3.2. Resource Adequacy Benefits**

Seller grants, pledges, assigns, and otherwise commits to Buyer the Qualifying Capacity for each PDR specified in the Supply Plan and all Resource Adequacy Benefits of the Product as associated with the DRAM Resource to enable Buyer to meet its RAR, Local RAR and/or Flexible RAR, as applicable. The Parties shall take all commercially reasonable actions, and execute all documents or instruments necessary, to effect the use of the Product for Buyer’s sole benefit.

### **3.3. Provision of Information**

- (a) Within a reasonable period of time, or such time prescribed by the CPUC, Seller shall provide to the CPUC (i) all periodic reports required by the CPUC and (ii) all other information requested by the CPUC relating to Seller's obligations and performance pursuant to this Agreement and the DRAM to which this Agreement relates. In responding to any information request from the CPUC, the Seller may designate information for confidential treatment consistent with CAISO and/or Commission rule, tariff or decision. Any such confidential information provided by Seller to the CPUC shall be held in confidence by the CPUC and excluded from public inspection or disclosure, unless inspection or disclosure is otherwise required by Applicable Laws.
- (b) Seller shall achieve, or shall cause its designated SC to achieve, each Milestone set forth in Exhibit H (each, a "Milestone") on or before the applicable deadline for achievement. Seller shall provide to Buyer:
  - (i) No later than the tenth (10<sup>th</sup>) calendar day of each month before the commencement of the Delivery Period, or within five (5) days after Buyer's request, a progress report in the form developed by the Commission's Energy Division pursuant to D.19-12-040, OP 28, as the same may be modified from time to time (or, if such form has not yet been finalized, substantially in the form set forth in Exhibit H) ("Progress Report"), describing Seller's progress, including projected time to completion of remaining Milestones.
  - (ii) On or before the applicable deadline to achieve each Milestone, documentation evidencing that the Milestone has been achieved.
  - (iii) Within five (5) Business Days after Buyer's request, any additional evidence reasonably requested by Buyer that the Milestone has been achieved.

### **3.4. Seller's Obligations**

- (a) Seller shall, and shall cause each of the PDRs in the DRAM Resource and corresponding DRPs and SCs to, comply with all applicable CAISO Tariff provisions, CPUC Decisions and all other Applicable Laws, including the Bidding of the DRAM Resource into the applicable CAISO Markets during the Availability Assessment Hours as required by the CAISO Tariff.
- (b) Seller shall or shall cause Seller's DRP to execute Buyer's Demand Response Provider Service Agreement in accordance with Rule 24.
- (c) Seller shall not include any Customer premises or resource in a PDR in the DRAM Resource that is concurrently enrolled in or otherwise concurrently committed to any other demand response program offered, maintained, or funded by Buyer (e.g., without limitation, behind-the-meter storage products in the

Energy Storage RFO), or that is registered with CAISO as a part of any other demand response resource or Distributed Energy Resource Aggregation, other than as provided under this Agreement.

- (d) Seller shall not change or modify the customer composition of the DRAM Resource, including without limitation moving a DRAM Resource Customer service account in or out of any PDR of the DRAM Resource, during any Showing Month except under the following circumstances:
- (i) Seller may add a newly recruited service account to a PDR in the DRAM Resource if that service account is not part of a PDR that is already included in a Supply Plan submitted by Seller to Buyer or any other LSE for the same Showing Month.
  - (ii) Seller may remove a service account from a PDR in the DRAM Resource.
  - (iii) If as a result of the changes in Sections 3.4(d)(i) and 3.4(d)(ii) a PDR in the DRAM Resource becomes large enough to trigger the CAISO's above 10 MW telemetry requirement, Seller may split the affected PDR into two or more smaller resources as necessary to comply with CAISO requirements.
  - (iv) If as a result of the changes in Sections 3.4(d)(i) and 3.4(d)(ii) a PDR in the DRAM Resource becomes small enough to drop below the 100 kW minimum PDR size requirement, Seller may combine the affected PDR with other resources as necessary to comply with CAISO requirements.
  - (v) If a service account has moved to a new LSE (e.g., to or from a community choice aggregator), and if the CAISO Tariff requires PDRs to consist of service accounts that are customers of the same LSE, then Seller may add or remove the affected service accounts as necessary to comply with CAISO requirements.

### **3.5. Indemnities for Failure to Perform.**

Seller agrees to indemnify, defend and hold harmless Buyer from any costs, penalties, fines or charges assessed against Buyer by the CPUC, CAISO, FERC, or any other Governmental Body with jurisdiction over Buyer, resulting from Seller's failure to do, or cause to be done, any of the following:

- (a) Provide all of the Monthly Contracted Quantity in any Showing Month, except to the extent (i) such failure is solely the result of a failure by Buyer to perform any of its obligations pursuant to Section 6.2, or (ii) Seller reduces the Monthly Contracted Quantity in accordance with Section 1.5(b) or (c);
- (b) Submit timely and accurate Supply Plans that identify Buyer's right to the Monthly Contracted Quantity for each Showing Month;

- (c) Comply with the requirements in Section 3.2 to enable Buyer to meet its RAR;
- (d) Meet CPUC Resource Adequacy requirements per the CPUC RA Filing Guide; or
- (e) Comply with the CAISO Tariff.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize any such costs, penalties, fines and charges; *provided*, in no event will Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these costs, penalties, fines and charges. If Seller fails to pay the foregoing penalties, fines, charges, or costs, or fails to reimburse Buyer for those penalties, fines, charges, or costs, then Buyer may offset those penalties, fines, charges or costs against any amounts it may owe to Seller under this Agreement.

Notwithstanding Seller's obligations in Section 3.5(a), Seller is not required to indemnify or reimburse Buyer for any costs allocated to Buyer by the CAISO for any capacity procured by CAISO pursuant to the Capacity Procurement Mechanism with respect to any Shortfall Capacity.

## **ARTICLE 4. PAYMENT AND BILLING**

### **4.1. Delivered Capacity Payment**

Buyer shall make a monthly payment to Seller, after the applicable Showing Month, ("Delivered Capacity Payment") equal to the product of (A x B x C).

$$\text{Delivered Capacity Payment} = [A \times B \times C]$$

Where:

A = The Contract Price for the applicable Showing Month, including SC costs.

B = The value from the chart below corresponding to the applicable ratio of Demonstrated Capacity (which shall be a total sum of the individual PDRs in the DRAM Resource) as a percentage of the Qualifying Capacity (which shall be a total sum of the individual PDRs in the DRAM Resource) ("DC-QC Ratio"):

Delivered Capacity (DC) Payment Values		
Band	DC- QC Ratio	Value for B
Tolerance	> 90.00%	Qualifying Capacity (kW)

Pro-rated	> 70.00% to 90.00%	Demonstrated Capacity (kW)
De-rated	50.00% to 70.00%	Demonstrated Capacity (kW) * 75%
Forfeiture	< 50.00%	0

C = 1.0 if Seller has chosen (i) not to deliver Residential Customer Product in Section 1.1(c) or (ii) to deliver Residential Customer Product in Section 1.1(c) and the Product delivered meets the definition of Residential Customer Product, or 0.90 if the Product delivered does not meet the definition of Residential Customer Product.

#### 4.2. Invoice and Payment Process

- (a) Within thirty (30) calendar days after Seller has received Revenue Quality Meter Data for at least ninety-five percent (95%) of all intervals required for settlement of the DRAM Resource for the applicable Showing Month, Seller will render to Buyer an invoice for the Demonstrated Capacity and associated payment amount due, if any, with respect to such Showing Month. Seller's failure to render any invoice on or before the deadline set forth herein shall be deemed to be a submission by the Seller of a DC Dispatch-based invoice with Demonstrated Capacity at an amount below fifty percent (50%) of the Qualifying Capacity for the applicable Showing Month (i.e., within the "forfeiture" payment band in the chart in Section 4.1).
- (b) Buyer will pay Seller all undisputed invoice amounts on or before the later of (i) the twentieth (20th) day of each month (or, if such day is not a Business Day, then on the next Business Day), or (ii) the tenth (10th) Business Day after receipt of Seller's invoice and Demonstrated Capacity.
- (c) Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Cash Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.
- (d) Buyer may offset against any future payments by any amount(s) that were previously overpaid.
- (e) Either Party may, in good faith, dispute the correctness of any invoice, bill, charge, or any adjustment to an invoice, rendered under this Agreement, or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, bill, charge, or adjustment to an invoice, was rendered.

Disputes are subject to the provisions of Article 10 below. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with Notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within ten (10) Business Days of such resolution.

- (f) Buyer may deduct any amounts that would otherwise be due to Seller under this Agreement from any amounts owing and unpaid by Seller to Buyer under this Agreement.
- (g) With respect to any Joint Resource, if Seller and any third party both submit claims to Buyer for payment with respect to such Joint Resource which, when added together, exceed the total capacity of the Joint Resource, Buyer shall not be obligated to make payment to Seller in respect of such Joint Resource until Seller reconciles the error with such third party and Seller re-submits the corrected invoice to Buyer.
- (h) With respect to a Joint Resource, if such Joint Resource's Demonstrated Capacity for a particular type of Product in any Showing Month is less than such Joint Resource's QC for such type of Product (as set forth in Exhibit C), Seller shall have the right to demonstrate to Buyer the Joint Resource's actual performance, and shall be compensated in accordance with Section 1.6. In the event Buyer finds Seller's demonstration inconclusive, the Joint Resource's total capacity shall be allocated pro-rata among the parties with rights to a portion of such Joint Resource's type of Product based on the information required to be provided in Section 1.6(h), and Seller's compensation shall be calculated using its percentage allocation of such PDR's capacity, accordingly.

#### **4.3. Allocation of Other CAISO Payments and Costs**

As between Buyer and Seller, Seller shall retain any revenues Seller or Seller's SC may receive from and pay all costs, penalties, charges charged to Seller or Seller's SC by the CAISO or any other third party in connection with the DRAM Resource, except as expressly provided otherwise in this Agreement.

### **ARTICLE 5. CREDIT AND COLLATERAL**

#### **5.1. Seller's Credit and Collateral Requirements**

- (a) If, at any time during the Term Seller does not have a Credit Rating, or if its Credit Rating is below BBB- from S&P or Baa3 from Moody's, if rated by both S&P and Moody's or below BBB- from S&P or Baa3 from Moody's, if rated by either S&P or Moody's, but not both, Seller shall provide and maintain collateral with Buyer in an amount equal to the sum of the following: (i) twenty percent (20%) of the sum of the estimated Delivered Capacity Payments for all of the

remaining months of the Delivery Period including the current month, with such estimated Delivered Capacity Payments being based on the applicable Monthly Quantity values times the applicable Contract Price, plus (ii) twenty percent (20%) of the estimated Undelivered Energy Penalty based on the associated Monthly Contracted Quantity (collectively, “Performance Assurance”).

- (b) If Seller’s Credit Rating is at or above BBB- from S&P and Baa3 from Moody’s, if rated by both S&P and Moody’s, or at or above BBB- from S&P or Baa3 from Moody’s, if rated by either S&P or Moody’s, but not both, Seller shall have no obligation to provide Performance Assurance to Buyer, and Sections 5.2 through 5.5 will not be applicable.
- (c) If required pursuant to Section 5.1(a) as of the Execution Date, Seller shall post the Performance Assurance with Buyer within ten (10) Business Days of the Execution Date. If required pursuant to Section 5.1(a) at any other time during the Term, Seller shall post the Performance Assurance with Buyer within five (5) Business Days of the date of the event that triggered Seller’s posting requirement under Section 5.1(a).

## **5.2. Grant of Security Interest/Remedies**

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

### **5.3. Reduction and Substitution of Performance Assurance**

- (a) If the amount of Performance Assurance held by Buyer exceeds the amount required pursuant to Section 5.1, on any Business Day, Seller may give Notice to Buyer requesting a reduction in the amount of Performance Assurance previously provided by Seller for the benefit of Buyer, provided that, (i) after giving effect to the requested reduction in Performance Assurance, no Event of Default or Potential Event of Default with respect to Seller has occurred and is continuing, (ii) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, and (iii) no amounts are owing and unpaid from Seller to Buyer hereunder, including without limitation any Undelivered Energy Penalty. A permitted reduction in Performance Assurance may be effected by the Transfer of Cash to Seller or the reduction of the amount of an outstanding Letter of Credit previously issued for the benefit of Buyer. Buyer shall effect any permitted reduction in Performance Assurance in accordance with the form of the Performance Assurance that has been provided. In all cases, the cost and expense of reducing Performance Assurance (including, but not limited to, the reasonable costs, expenses, and attorneys' fees of Buyer) shall be borne by Seller. Unless otherwise agreed in writing by the Parties, if Seller's reduction demand is made on or before the Notification Time on a Business Day, then Buyer shall have five (5) Business Days to effect a permitted reduction in Performance Assurance, and if Seller's reduction demand is made after the Notification Time on a Business Day, then Buyer shall have six (6) Business Days to effect a permitted reduction in Performance Assurance, in each case, if such reduction is to be effected by the return of Cash to Seller. If a permitted reduction in Performance Assurance is to be effected by a reduction in the amount of an outstanding Letter of Credit previously issued for the benefit of Buyer, Buyer shall promptly take such action as is reasonably necessary to effectuate such reduction.
- (b) Except when an Event of Default or Potential Event of Default with respect to Seller shall have occurred and be continuing or an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, Seller may substitute Performance Assurance for other existing Performance Assurance of equal value upon five (5) Business Days' Notice (provided such Notice is made on or before the Notification Time, otherwise the notification period shall be six (6) Business Days) to Buyer. Upon the Transfer to Buyer of the substitute Performance Assurance, Buyer shall Transfer the relevant replaced Performance Assurance to Seller within five (5) Business Days. Notwithstanding anything herein to the contrary, no such substitution shall be permitted unless (i) the substitute Performance Assurance is Transferred simultaneously or has been Transferred to Buyer prior to the release of the Performance Assurance to be returned to Seller and the security interest in, and general first lien upon, such substituted Performance Assurance granted pursuant hereto in favor of Buyer shall have been perfected as required by applicable law and shall constitute a first priority perfected security interest therein and general first lien thereon, and (ii)

after giving effect to such substitution, the substitute Performance Assurance shall equal the amount of Performance Assurance being replaced. Each substitution of Performance Assurance shall constitute a representation and warranty by Seller that the substituted Performance Assurance shall be subject to and governed by the terms and conditions of this Article 5, including without limitation the security interest in, general first lien on and right of offset against, such substituted Performance Assurance granted pursuant hereto in favor of Buyer pursuant to this Article 5.

- (c) The Transfer of any Performance Assurance by Buyer in accordance with this Section 5.3 shall be deemed a release by Buyer of its security interest, general first lien and right of offset granted pursuant to this Article 5 hereof only with respect to such returned Performance Assurance. In connection with each Transfer of any Performance Assurance pursuant to this Article 5, Seller will, upon request of Buyer, execute a receipt showing the Performance Assurance Transferred to it.

#### **5.4. Administration of Performance Assurance**

- (a) Cash. Performance Assurance provided in the form of Cash to Buyer shall be subject to the following provisions:
  - (i) Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Buyer and no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Buyer for which there exist any unsatisfied payment obligations, then Buyer shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise use in its business any Cash that it holds as Performance Assurance hereunder, free from any claim or right of any nature whatsoever of Seller, including any equity or right of redemption by Seller.
  - (ii) So long as no Event of Default or Potential Event of Default with respect to Seller has occurred and is continuing, and no Early Termination Date has occurred or been designated as the result of an Event of Default with respect to Seller, and no amounts are owing and unpaid from Seller to Buyer hereunder, and to the extent that an obligation to Transfer Performance Assurance would not be created or increased by the Transfer, in the event that Buyer is holding Cash, Buyer will Transfer (or caused to be Transferred) to Seller, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which may be retained by Buyer), the Interest Amount when Buyer returns the Cash to Seller following the termination or expiration of this Agreement, as applicable and in conformity with Section 9.6. On or after the occurrence of a Potential Event of Default or an Event of Default with respect to Seller or an Early Termination Date as a result of an Event of Default with respect to Seller, Buyer shall retain any such Interest Amount as additional

Performance Assurance hereunder until the obligations of Seller under the Agreement have been satisfied in the case of an Early Termination Date or for so long as such Event of Default is continuing in the case of an Event of Default.

- (b) Letters of Credit. Performance Assurance provided in the form of a Letter of Credit shall be subject to the following provisions:
- (i) Each Letter of Credit shall be maintained for the benefit of Buyer. Seller shall (A) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (B) if the bank or financial institution that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide either a substitute Letter of Credit or Cash, in each case at least thirty (30) calendar days prior to the expiration of the outstanding Letter of Credit, and (C) if a bank or financial institution issuing a Letter of Credit shall fail to honor Buyer's properly documented request to draw on an outstanding Letter of Credit, provide for the benefit of Buyer either a substitute Letter of Credit that is issued by a bank or financial institution acceptable to Buyer or Cash, in each case within one (1) Business Day after such refusal.
  - (ii) As one method of providing Performance Assurance, Seller may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.
  - (iii) Upon the occurrence of a Letter of Credit Default, Seller agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or before the first (1st) Business Day after the occurrence thereof (or the fifth (5th) Business Day after the occurrence thereof if only clause (i) under the definition of Letter of Credit Default applies).
  - (iv) Upon or at any time after the occurrence and continuation of an Event of Default or Letter of Credit Default with respect to Seller, or if an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, then Buyer may draw on the entire, undrawn portion of any outstanding Letter of Credit upon submission to the bank or financial institution issuing such Letter of Credit of one or more certificates specifying that such Event of Default, Letter of Credit Default or Early Termination Date has occurred and is continuing. Cash proceeds received from drawing upon the Letter of Credit shall be deemed Performance Assurance as security for Seller's obligations to Buyer and Buyer shall have the rights and remedies set forth in Section 5.5 with respect to such Cash proceeds. Notwithstanding Buyer's receipt of Cash proceeds of a drawing under the Letter of Credit, Seller shall remain liable (A) for any failure to Transfer sufficient Performance Assurance and (B)

for any amounts owing to Buyer and remaining unpaid after the application of the amounts so drawn by Buyer.

- (v) In all cases, the costs and expenses of establishing, renewing, substituting, canceling, and increasing the amount of a Letter of Credit shall be borne by Seller.
- (c) **Care of Performance Assurance.** Except as otherwise provided in Section 5.4(a)(i) and beyond the exercise of reasonable care in the custody thereof, Buyer shall have no duty as to any Performance Assurance in its possession or control or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Buyer shall be deemed to have exercised reasonable care in the custody and preservation of the Performance Assurance in its possession if the Performance Assurance is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Performance Assurance, or for any diminution in the value thereof, except to the extent such loss or damage is the result of Buyer's willful misconduct or gross negligence. Buyer shall at all times retain possession or control of any Performance Assurance Transferred to it.

## **5.5. Exercise of Rights against Performance Assurance**

- (a) If an Event of Default with respect to Seller has occurred and is continuing or an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller, Buyer may exercise any one or more of the rights and remedies provided under this Agreement, or as otherwise available under Applicable Law. Without limiting the foregoing, if at any time an Event of Default with respect to Seller has occurred and is continuing, or an Early Termination Date occurs or is deemed to occur as a result of an Event of Default with respect to Seller, then Buyer may, in its sole discretion, exercise any one or more of the following rights and remedies:
  - (i) All rights and remedies available to a Buyer under the Uniform Commercial Code and any other applicable jurisdiction and other Applicable Laws with respect to the Performance Assurance held by or for the benefit of Buyer;
  - (ii) The right to set off any Performance Assurance held by or for the benefit of Buyer against and in satisfaction of any amount payable by Seller in respect of any of its obligations; and
  - (iii) The right to draw on any outstanding Letter of Credit issued for its benefit.
- (b) Buyer shall be under no obligation to prioritize the order with respect to which it exercises any one or more rights and remedies available hereunder. Seller shall in all events remain liable to Buyer for any amount payable by Seller in respect of any of its obligations remaining unpaid after any such liquidation, application and set off.

## **5.6. Financial Information**

If requested by a Party, the other Party shall deliver, if available, (a) within one hundred twenty (120) calendar days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal year setting forth in each case in comparative form the figures for the previous year for the Party, as the case may be, and (b) within sixty (60) calendar days after the end of each of its first three fiscal quarters of each fiscal year, a copy of a quarterly report containing unaudited consolidated financial statements for such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, and if the Party files reports with the Securities and Exchange Commission, certified in accordance with all applicable laws and regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations. If the Party does not file reports with the Securities and Exchange Commission, the reports must be certified by a Chief Financial Officer, Treasurer or any Assistant Treasurer as being fairly stated in all material respects (subject to normal year end audit adjustments); provided, for the purposes of this Section 5.6, if a Party's financial statements are publicly available electronically on the Securities and Exchange Commission's website, then this requirement shall be deemed satisfied. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements.

## **5.7. Access to Financial Information**

- (a) Buyer shall determine, through consultation with its internal accountants and review with their independent registered public accounting firm, that Buyer is required to consolidate Seller's financial statements with Buyer's financial statements for financial accounting purposes under Accounting Standards Codification (ASC) 810/Accounting Standards Update 2009-17, "Consolidation of Variable Interest Entities" (ASC 810), or future guidance issued by accounting profession governance bodies or the SEC that affects Buyer accounting treatment for this Agreement (the "Financial Consolidation Requirement").
- (b) If the Financial Consolidation Requirement is applicable, then:
  - (i) Within twenty (20) calendar days following the end of each calendar year (for each year that such treatment is required), Seller shall deliver to Buyer unaudited financial statements and related footnotes of Seller as of the end of the year. It is permissible for Seller to use accruals and prior months' estimates with true-up to actual activity, in subsequent periods, when preparing the unaudited financial statements. The annual financial statements should include quarter-to-date and yearly information. Buyer shall provide to Seller a checklist before the end of each year listing the

items which Buyer believes are material to Buyer and required for this purpose, and Seller shall provide the information on the checklist, subject to the availability of data from Seller's records. It is permissible for Seller to use accruals and prior month's estimates with true-up to actual activity, in subsequent periods, when preparing the information on the checklist. If audited financial statements are prepared for Seller for the year, Seller shall provide such statements to Buyer within five (5) Business Days after those statements are issued.

- (ii) Within fifteen (15) calendar days following the end of each fiscal quarter (for each quarter that such treatment is required), Seller shall deliver to Buyer unaudited financial statements and related footnotes of Seller as of the end of the quarterly period. The financial statements should include quarter-to-date and year-to-date information. Buyer shall provide to Seller a checklist before the end of each quarter listing items which Buyer believes are material to Buyer and required for this purpose, and Seller shall provide the information on the checklist, subject to the availability of data from Seller's records. It is permissible for Seller to use accruals and prior months' estimates with true-up to actual activity, in subsequent periods, when preparing the unaudited financial statements.
  - (iii) If Seller regularly prepares its financial data in accordance with GAAP, IFRS, or Successor, the financial information provided to Buyer shall be prepared in accordance with such principles. If Seller is not a SEC registrant and does not regularly prepare its financial data in accordance with GAAP, IFRS or Successor, the information provided to Buyer shall be prepared in a format consistent with Seller's regularly applied accounting principles, e.g., the format that Seller uses to provide financial data to its auditor.
- (c) If the Financial Consolidation Requirement is applicable, then promptly upon Notice from Buyer, Seller shall allow Buyer's independent registered public accounting firm such access to Seller's records and personnel, as reasonably required so that Buyer's independent registered public accounting firm can conduct financial statement audits in accordance with the standards of the Public Company Accounting Oversight Board (United States), as well as internal control audits in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, as applicable. All expenses for the foregoing shall be borne by Buyer. If Buyer's independent registered public accounting firm during or as a result of the audits permitted in this Section 5.7(c) determines a material weakness or significant deficiency, as defined by GAAP, IFRS or Successor, as applicable, exists in Seller's internal controls over financial reporting, then within ninety (90) calendar days of Seller's receipt of Notice from Buyer, Seller shall remediate any such material weakness or significant deficiency; provided, Seller has the right to challenge the appropriateness of any determination of material weakness or significant deficiency. Seller's true up to actual activity for yearly or quarterly

information as provided herein shall not be evidence of material weakness or significant deficiency.

- (d) Buyer shall treat Seller's financial statements and other financial information provided under the terms of this Section 5.7 in strict confidence and, accordingly:
  - (i) Shall utilize such Seller financial information only for purposes of preparing, reviewing or certifying Buyer's or any Buyer parent company financial statements, for making regulatory, tax or other filings required by law in which Buyer is required to demonstrate or certify its or any parent company's financial condition or to obtain credit ratings;
  - (ii) Shall make such Seller financial information available only to its officers, directors, employees or auditors who are responsible for preparing, reviewing or certifying Buyer's or any Buyer parent company financial statements, to the SEC and the Public Company Accounting Oversight Board (United States) in connection with any oversight of Buyer's or any Buyer parent company financial statement and to those persons who are entitled to receive confidential information as identified in Article 13; and
  - (iii) Buyer shall ensure that its internal auditors and independent registered public accounting firm (A) treat as confidential any information disclosed to them by Buyer pursuant to this Section 5.7, (B) use such information solely for purposes of conducting the audits described in this Section 5.7, and (C) disclose any information received only to personnel responsible for conducting the audits.
- (e) If the Financial Consolidation Requirement is applicable, then, within two (2) Business Days following the occurrence of any event affecting Seller which Seller understands, during the Term, would require Buyer to disclose such event in a Form 8-K filing with the SEC, Seller shall provide to Buyer a Notice describing such event in sufficient detail to permit Buyer to make a Form 8-K filing.
- (f) If, after consultation and review, the Parties do not agree on issues raised by Section 5.7(a), then such dispute shall be subject to review by another independent audit firm not associated with either Party's respective independent registered public accounting firm, reasonably acceptable to both Parties. This third independent audit firm will render its recommendation on whether consolidation by Buyer is required. Based on this recommendation, Seller and Buyer shall mutually agree on how to resolve the dispute. If Seller fails to provide the data consistent with the mutually agreed upon resolution, Buyer may declare an Event of Default pursuant to Section 9.1. If the independent audit firm associated with Buyer still determines, after review by the third-party independent audit firm, that Buyer must consolidate, then Seller shall provide the financial information necessary to permit consolidation to Buyer; provided, in addition to the protections in Article 13, such information shall be password protected and available only to those specific officers, directors, employees and auditors who

are preparing and certifying the consolidated financial statements and not for any other purpose.

## **5.8. Uniform Commercial Code Waiver**

This Agreement sets forth the entirety of the agreement of the Parties regarding credit, collateral, financial assurances and adequate assurances. Except as expressly set forth in this Agreement, including, those provisions set forth in Article 5 and Article 9, neither Party:

- (a) has or will have any obligation to post margin, provide Letters of Credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever, or
- (b) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party that is complying with the relevant provisions of Article 5 and Article 9; and all implied rights relating to financial assurances arising from Section 2-609 of the Uniform Commercial Code or case law applying similar doctrines, are hereby waived.

# **ARTICLE 6. SPECIAL TERMS AND CONDITIONS**

## **6.1. Limitation of Liability**

Buyer has no obligations to any person or entity that is, or may participate as, a DRAM Resource Customer, DRP (if Seller is not a DRP), or Seller's SC and Seller shall indemnify Buyer against any claim made by any such DRAM Customer, the DRP (if Seller is not a DRP), or Seller's SC with respect to its participation in or with the PDR or DRAM Resource, as applicable.

## **6.2. Buyer Provision of Information**

Buyer shall provide to Seller, to the extent available and permitted by Applicable Law, including Rule 24, provide specific information consistent with the Customer Information Service Request Form for Demand Response Providers (CISR-DRP) adopted by the CPUC in D.13-12-029 and Resolution E-4630 including, but not limited to, usage, and/or meter data of a Customer, if Seller provides to Buyer written authorization from such Customer to release such information. Such written authorization must be provided in a form reasonably acceptable to Buyer. Buyer shall be liable for penalties or charges incurred by Seller from either the CAISO or the CPUC resulting solely from Buyer's failure to provide timely, accurate data to Seller in accordance with this Section 6.2.

## **6.3. Changes in Applicable Laws**

- (a) If a change in Applicable Laws renders this Agreement or any material terms herein incapable of being performed or administered, then either Party, on Notice, may request the other Party to enter into good faith negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable

of being performed or administered, while attempting to preserve to the maximum extent possible the benefits, burdens and obligations set forth in this Agreement as of the Execution Date. The Parties acknowledge that such changes may require the approval of the CPUC before becoming effective.

- (b) If the Parties have been unable to reach agreement within thirty (30) calendar days after receipt of such Notice, then either Party may terminate this Agreement by providing Notice. A Party's exercise of its rights under this Section 6.3 will not be deemed to be a failure of Seller to sell or deliver the Product or a failure of Buyer to purchase or receive the Product, and will not be or cause an Event of Default by either Party. Neither Party shall have any further obligation or liability to the other and no Settlement Amount with respect to this Agreement will be due or owing by either Party upon termination of this Agreement due solely to a Party's exercise of its right pursuant to this Section 6.3.

#### **6.4. DBE Reporting**

No later than twenty (20) calendar days after each semi-annual period ending on June 30th or December 31st during the Term, Seller shall provide to Buyer a report listing all Diverse Business Enterprises that supplied goods or services to Seller during such period, including any certifications or other documentation of such Diverse Business Enterprises' status as such and the amount paid to each Diverse Business Enterprise during such period.

- a. Buyer has the right to disclose to the CPUC all such information provided by Seller pursuant to this Section 6.4.
- b. Seller shall make reasonable efforts to accommodate requests by the CPUC (or by Buyer in response to a request by the CPUC) to audit Seller in order to verify data provided by Seller pursuant to this Section 6.4.

#### **6.5. Governmental Charges**

Seller shall pay on request and indemnify Buyer against any taxes (including without limitation, any applicable transfer taxes and stamp, registration or other documentary taxes), assessments, or charges that may become payable by reason of the security interests, general first lien and right of offset granted under this Agreement or the execution, delivery, performance or enforcement of this Agreement, as well as any penalties with respect thereto.

#### **6.6. Customers in Buyer Automated Demand Response Program**

Seller agrees to and acknowledges the following with respect to Buyer's non-Residential Customers which are included in Seller's DRAM Resource and have received ADR incentives or rebates to install demand response capable control technologies:

- (a) Customers in Seller's DRAM Resource are eligible for ADR incentives or rebates, subject to the requirements of this Agreement, Commission requirements,

and Applicable Laws. The Customer remains responsible for fulfilling its obligations under Buyer's ADR program rules during the time period such ADR Customer is in Seller's DRAM Resource.

- (b) Seller shall be responsible for (i) notification to ADR Customers in its DRAM Resource of each Bid awarded by the CAISO ("Award") for a PDR, and (ii) operation of the ADR Customers' ADR control technology in response to an Award. During the time period that an ADR Customer is enrolled in a DRAM Resource, Buyer (or its agent) will not send notifications to such ADR Customer of Awards and will not operate ADR Customers' ADR control technology.
- (c) If Seller or its DRP enrolls a Customer who has received ADR incentives or rebates in Seller's DRAM Resource, Seller shall provide Buyer (or its agent) with Notice within five (5) Business Days of such enrollment of the ADR Customer's enrollment along with the ADR Customer's name, service account address, SAID, location, the ADR agreement, and confirmation that the ADR Customer has unenrolled from all or any of Buyer's event-based demand response programs (other than ADR) prior to enrolling in Seller's DRAM Resource. Seller shall provide Buyer (or its agent) with Notice within fifteen (15) calendar days after such Customer leaves Seller's DRAM Resource.
- (d) Customers who have received ADR incentives within the past year who enroll in a DRAM Resource will be required to demonstrate performance through the DRAM Resource to qualify for additional ADR incentive payments as indicated in the statewide ADR Guidelines.
- (e) Buyer (or its agent) may communicate (i) with Seller's Customers who have received ADR incentives or rebates about the requirements for the Customer to participate in a demand response program, and (ii) with Seller's Customers with respect to anything involving their ADR incentive or rebate eligibility.
- (f) Seller shall provide to Buyer (or its agent) all information necessary for Buyer to administer the Customers' ADR incentives or rebates, including, but not limited to: (i) the information described in Section 6.6(c), (ii) the days in each Showing Month of Dispatch of the applicable PDR in the DRAM Resource, (iii) all hours in such Showing Month, corresponding to the days in subsection (ii), when Seller dispatched or called on the ADR Customer to respond to an Award, and (iv) information on ADR Customers that Seller did not dispatch or call on to respond to an Award for such Showing Month. The Customer's participation in the Seller's DRAM Resource as described in this Section 6.6(f) will be used in conjunction with the ADR Customer's participation in Buyer's demand response programs, to calculate the Customer's actual performance and subsequent incentive payments.
- (g) If Seller does not provide all the information Buyer needs to administer the ADR incentives for the Customer, the ADR Customer will be in non-compliance with the requirements of the ADR program.

- (h) Following the termination or expiration of this Agreement, Buyer (or its agent) may notify the Customers in Seller's DRAM Resource that have received ADR incentives or rebates of their commitment to participate in a demand response program for a total of three years.

## **ARTICLE 7. REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **7.1. Representations and Warranties of Both Parties**

On the Execution Date, each Party represents and warrants to the other Party that:

- (a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) Except for CPUC Approval in the case of Buyer, it has or will timely acquire all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (d) This Agreement constitutes its legally valid and binding obligation, enforceable against it in accordance with its terms;
- (e) It is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or become Bankrupt;
- (f) There is not pending or, to its knowledge, threatened against it, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (g) It (i) is acting for its own account, (ii) has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, (iii) is not relying upon the advice or recommendations of the other Party in so doing, and (iv) is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions, and risks of this Agreement; and
- (h) It has entered into this Agreement in connection with the conduct of its business and it has the capability or ability to make available or take delivery of, as applicable, the Product under this Agreement in accordance with the terms of this Agreement.

## **7.2. Additional Seller Representations, Warranties and Covenants**

- (a) On the Execution Date, Seller represents and warrants to Buyer that Seller has not used, granted, pledged, assigned, or otherwise committed any of the Monthly Quantity to meet the RAR, Local RAR and/or Flexible RAR, as applicable, or confer Resource Adequacy Benefits upon, any entity other than Buyer during the Delivery Period.
- (b) Seller covenants that throughout the Delivery Period:
  - (i) Seller will deliver the Product to Buyer free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person.
  - (ii) Seller has been authorized by each Customer, to act as an aggregator on behalf of such Customer to participate as a PDR in the DRAM Resource, if Seller is not also a Customer.
  - (iii) The DRP has been authorized by each Customer to act on behalf of such Customer to participate as a PDR for the DRAM Resource, if Seller is not the DRP.
  - (iv) Seller will not use, grant, pledge, assign, or otherwise commit any Monthly Contracted Quantity to meet the RAR, Local RAR, and/or Flexible RAR, as applicable, or confer Resource Adequacy Benefits of the Product upon, any entity other than Buyer during the Delivery Period.
  - (v) During each month of the Delivery Period, if any participating Customers in the DRAM Resource have a Prohibited Resource, Seller shall ensure that such Prohibited Resource is not used to reduce load during a Dispatch by any PDR providing Product to Buyer during such month, as follows:
    - A. For all Residential Customers, Seller shall include a provision in its contract forbidding the use of Prohibited Resources to reduce load during a Dispatch by any PDR providing Product to Buyer. Any Customer that does not accept the prohibition will not be eligible to participate in the Seller's DRAM Resource.
    - B. Seller shall require from each of its non-Residential Customers an attestation form attesting to one of the following conditions:
      1. the Customer does not have a Prohibited Resource on site;
      2. the Customer has a Prohibited Resource on site and will not use the resource to reduce load during a Dispatch by any PDR providing Product to Buyer; or

3. the Customer has a Prohibited Resource on site and may have to use the resource during Demand Response events for operational, health or safety reasons. The total nameplate capacity in kW of the Customer's resource(s) will be used as the Default Adjustment Value (DAV) to adjust the Demand Response incentives / charge for the Customer's account.

For condition 1 above, the Customer's attestation must include the service account number. For conditions 2 and 3 above, each attestation must provide the service account number, the number of unit(s) of Prohibited Resources on site, and the nameplate capacity of the Prohibited Resource (or, if the Customer has multiple Prohibited Resources, the sum of the nameplate capacity values from all Prohibited Resources on site) (the "Default Adjustment Value"). For condition (3), this Default Adjustment Value will be subtracted from the Potential Load Reduction or Nominated Capacity. Customers must agree to a default adjustment in which the amount of Product such Customer can provide is reduced by the Default Adjustment Value, regardless of whether the Prohibited Resource was actually used. Customers with multiple service accounts enrolled through Seller may submit one attestation form per attestation scenario.

- C. Seller shall collect and store all such Customer attestations and make them available upon request, to a Verification Administrator or the CPUC. Seller shall also collect and store supporting documentation, such as nameplate capacities for each resource under each attestation scenario, and make them available upon request to Buyer, the Verification Administrator or the CPUC.
- D. For non-Residential Customers, the attestation shall occur at the time of enrollment and may be provided with a wet signature, a click, or an electronic signature. Any non-Residential Customer that does not complete this component of the enrollment process will not be eligible to participate in Seller's DRAM Resource. Consistent with CPUC Resolution E-4906, the Seller's contractual agreement is contingent upon compliance with both the prohibition and the submission of the Customers' attestations, which are subject to verification.
- E. Seller shall include provisions in its contracts that Customers are subject to random annual audits (1) requiring compliance with verification requests and facility access for site visits as deemed necessary by the Verification Administrator; (2) requiring the Customer to provide the Verification Administrator with written operating manifest(s), date and time stamped photo(s) of the Prohibited Resource unit(s), load curtailment plan(s), single line diagram(s) permit copy(ies), or other information or documentation about their onsite Prohibited Resources; and (3) allowing the Buyer or

its contractor(s) to install monitoring equipment at the Sites for the purposes of verification of attestations.

- F. Seller shall include additional and separate provisions near the beginning of its contracts with Customers explaining and implementing these restrictions specifying that Customer compliance will be subject to verification, indicating the consequences for noncompliance with the provision. All contracts with non-Residential Customers shall indicate that the non-compliance consequences will be as set forth in this section. If the instance of non-compliance involves clerical or administrative errors, such as an inaccurate listing of a Customer name or the nameplate value of a Prohibited Resource in an attestation, or a failure to include a Customer's Prohibited Resource on an attestation, provided in all cases that such Prohibited Resource is not used in violation of the terms of this Agreement (collectively, "Type One Non-Compliance"), Seller shall specify that Customers will have sixty (60) calendar days from receipt of notice to cure such Type-One Non-Compliance. If the instance of non-compliance involves either (1) the Customer does not attest to the use of any Prohibited Resource but is using a Prohibited Resource to reduce load during a demand response event; or (2), a Customer submits an invalid nameplate capacity value for the Prohibited Resource(s) that is lower than the actual capacity value on the nameplate (collectively "Type Two Non-Compliance"), then Customer will be removed from Seller's DRAM Resource as follows. If there is an instance of (x) an uncured Type One Non-Compliance, or (y) a Type Two Non-Compliance, the consequences will be removal from Seller's DRAM Resource and ineligibility to enroll in any DRAM Seller's Resource or Buyer's demand response program subject to the prohibited resource requirement in D.16-09-056 for twelve calendar months from the removal date (for a single instance of noncompliance), or three years from the removal date (for two or more instances of noncompliance).
- G. Seller shall provide such documentation as may be reasonably necessary for Buyer to verify the accuracy of the attestations referenced in subsections B(1)–(3) above and Seller's compliance with and enforcement of this Section 7.2(b)(v). For all non-Residential Customers, (1) Sellers will provide the Default Adjustment Values (DAVs) monthly (with Demonstrated Capacity information); and, (2) Sellers will ensure that CAISO wholesale market bids reflect portfolio amounts prior to de-rating. Seller shall comply with any Prohibited Resource audit verification plan that is developed in accordance with D. 16-09-056 and approved by the CPUC.
- H. On an annual basis, Seller shall provide to Buyer the language on the prohibition included in its respective Residential Customer contracts. Seller will develop metrics, targets and record keeping systems to

assess the effectiveness of its Customer outreach and notification efforts required under this Section 7.2(b)(v), and will provide such materials to the Buyer, the CPUC, and the Verification Administrator upon the request of Buyer or the CPUC.

- I. Seller shall include provisions in its contracts with non-Residential Customers permitting updates to their attestations to (1) add, remove or modify an on-site Prohibited Resource; (2) change the status or use of a Prohibited Resource to reduce load during any Dispatch; or (3) change the Default Adjustment Value, but only if, in each case, the change is supported by documentation that confirms the operational change and can be verified by a Verification Administrator.
  - J. Verification methods for Customers under the condition noted in Section 7.2(b)(v)(I)(3) above shall be based on documentation of nameplate capacity, instead of load curtailment plans.
  - K. If further documentation in the form of load curtailment plans are required, Seller shall comply with the Verification Administrator's requests for supporting materials.
  - L. The Buyer has been directed by the CPUC to require a standardized non-disclosure agreement (NDA) that the Verification Administrator executes with the Buyer. This NDA pertains to all sellers and their customers from whom they collect market-sensitive, proprietary data. Verification information obtained from sellers and their customers is only to be submitted to and collected by the Verification Administrator consistent with CPUC Resolution E-4906. Under the terms of this NDA, third party customers' market-sensitive, proprietary information shall not to be shared with the Buyer, will be kept under seal, and shall be made available to the Commission upon request. Per Ordering Paragraph 14 of CPUC Resolution E-4906, all aggregators must store Customer attestations and make them available to the CPUC upon request. The Seller shall store non-Residential Customer attestations and make them available to the Buyer or Commission upon request.
- (vi) If any respective PDR is a Joint Resource, Seller shall ensure that: (A) the use of the Joint Resource does not result in Buyer making payment in respect of Demonstrated Capacity for a type of Product in excess of the total capacity of the Joint Resource, whether to Seller or any other party, regardless of whether payment is made under this Agreement, another agreement in the DRAM, any other demand resource agreement or program, or any combination thereof; (B) the use of the Joint Resource does not result in Buyer making payment more than once in respect of capacity relating to a particular Customer registered in the Joint Resource, regardless of whether payment is made under this Agreement, another agreement in the DRAM, any other demand resource agreement or

program, or any combination thereof; and (C) Seller has the right to access and provide to Buyer the records and data regarding any DRAM Resource Customer that is not designated by Seller under Section 1.6(h) as part of the amount to be used to show Demonstrated Capacity for a type of Product under this Agreement to permit Buyer to audit such Joint Resource under Section 1.6(k) to the same extent Buyer may audit PDRs that are not Joint Resources.

## **ARTICLE 8. NOTICES**

### **8.1. Notices**

Notices, requests, statements or payments from one Party to the other Party shall be made to the addresses and persons specified in Section 8.2. All Notices, requests, statements or payments from one Party to the other Party shall be made in writing and may be delivered by hand delivery, first class United States mail, overnight courier service, e-mail or facsimile. Notice from one Party to the other Party by e-mail or facsimile (where confirmation of successful transmission is received) shall be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it shall be deemed received on the next Business Day). Notice from one Party to the other Party by hand delivery or overnight delivery shall be deemed to have been received when delivered. A Party may change its contact information by providing Notice of the same in accordance herewith.

### **8.2. Contact Information**

#### For Buyer:

##### Billing Representative

*[Name]*

Phone:

Facsimile:

Email:

##### Contract Representative

*[Name]*

Phone:

Facsimile:

Email:

##### Supply Plan Contact

*[Name]*

Phone:

Facsimile:

Email:

##### Settlements

*[Name]*

Phone:

Facsimile:

Email:

Other Buyer Contact Information

Wire Transfer

BNK:

ABA:

ACCT:

Credit and Collections

Attn:

Phone:

Facsimile:

Email:

Notices of Event of Default or Potential Event of Default to:

*[Name]*

Phone:

Facsimile:

Email:

For Seller:

Billing Representative

*Name*

Phone:

Facsimile:

Email:

Contract Representative

*Name*

Phone:

Facsimile:

Email:

Supply Plan Contact

*Name*

Phone:

Facsimile:

Email:

Other Seller Contact Information

ACH

BNK:

ABA:

ACCT:

Credit and Collections

Attn:

Phone:

Facsimile:

Email:

Notices of Event of Default or Potential Event of Default to:

*[Name]*

Phone:

Facsimile:

Email:

The Parties acknowledge and agree that those persons set forth in this Section 8.2 are designated by each Party as their respective authorized representatives to act on their behalf for the purposes described therein.

## **ARTICLE 9. EVENTS OF DEFAULT; TERMINATION**

### **9.1. Events of Default**

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

- (a) With respect to either Party:
  - (i) The failure to make, when due, any payment required to be made to the other Party pursuant to this Agreement, if such failure is not remedied within three (3) Business Days after written Notice of such failure is given by the Non-Defaulting Party;
  - (ii) Any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated if the representation or warranty is continuing in nature;
  - (iii) The failure to perform any material covenant, obligation, term or condition of this Agreement (except to the extent constituting a separate Event of Default), where such breach is not remedied within five (5) Business Days of Notice of such breach by the Non-Defaulting Party.
  - (iv) Such Party becomes Bankrupt; or
  - (v) A Merger Event occurs with respect to such Party.
- (b) With respect to Seller:
  - (i) The failure of Seller to satisfy the collateral requirements set forth in Article 5;
  - (ii) During the Term, Seller makes any material misrepresentation or omission in any report required to be made or furnished by Seller, the Seller’s DRP or the Seller’s SC pursuant to this Agreement;
  - (iii) During the Delivery Period, Seller sells, assigns, or otherwise transfers, or commits to sell, assign, or otherwise transfer, the Product, or any portion thereof, to any party other than Buyer without Buyer’s written consent; or

- (iv) During the Term, the occurrence and continuation of a default, event of default or other similar condition or event (however described) in respect of Seller under one or more agreements or instruments relating to indebtedness for borrowed money (whether present or future, contingent or otherwise), which results in such indebtedness for borrowed money (whether present or future, contingent or otherwise) becoming, or becoming capable at such time of being declared, immediately due and payable under such agreements or instruments, before it would otherwise have been due and payable, or a default by Seller in making one or more payments on the due date thereof in an aggregate amount of not less than **[To be determined]** under such agreements or instruments (after giving effect to any applicable notice requirement or grace period).
- (v) During the Term, Seller fails to comply with the requirements of Section 7.2(b)(v), where such breach is not remedied within thirty (30) calendar days of Notice of such breach by Buyer.
- (vi) The aggregate Demonstrated Capacity for the DRAM Resource is less than fifty percent (50%) of the aggregate Qualifying Capacity for the DRAM Resource in any two (2) sequential Showing Months for which Demonstrated Capacity was calculated with reference to the results of a DC Dispatch pursuant to Section 1.6(a)(i) or a DC Test pursuant to Section 1.6(a)(ii) (excluding any intervening months with invoices based on MOO bids pursuant to Section 1.6(a)(iii)).
- (vii) Seller fails to achieve a Milestone by the applicable deadline for such Milestone as set forth in Section 3.3(b), and such failure is not remedied within five (5) Business Days after Notice from Buyer.

## 9.2. Early Termination

If an Event of Default shall have occurred, the Party taking the default (the “Non-Defaulting Party”) has the right:

- (a) To designate by Notice, which will be effective five (5) Business Days after the Notice is given, a day, no later than twenty (20) calendar days after the Notice is effective, for the early termination of this Agreement (an “Early Termination Date”);
- (b) Withhold any payments due to the Defaulting Party under this Agreement;
- (c) Suspend performance of this Agreement, but excluding Seller’s obligation to post and maintain Performance Assurance in accordance with Article 5; and
- (d) To pursue all remedies available at law or in equity against the Defaulting Party (including monetary damages), except to the extent that such remedies are limited by the terms of this Agreement.

### **9.3. Termination Payment**

- (a) As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide Notice to the Defaulting Party of the amount of the Termination Payment. The Notice must include a written statement setting forth, in reasonable detail, the calculation of such Termination Payment including the Settlement Amount, together with appropriate supporting documentation.
- (b) If the Termination Payment is positive, the Defaulting Party shall pay such amount to the Non-Defaulting Party within two (2) Business Days after the Notice is provided. If the Termination Payment is negative (i.e., the Non-Defaulting Party owes the Defaulting Party more than the Defaulting Party owes the Non-Defaulting Party), then the Settlement Amount shall be zero dollars (\$0), and the Non-Defaulting Party shall only pay to the Defaulting Party, within thirty (30) calendar days after the Notice is provided, any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date.
- (c) If a Party disputes the other Party's calculation of the Termination Payment, in whole or in part, the disputing Party shall, within two (2) Business Days of receipt of the Party's calculation of the Termination Payment, provide to the other Party a detailed written explanation of the basis for such dispute. Any disputes as to the calculation of the Termination Payment which the Parties are unable to resolve may be submitted to dispute resolution as provided in Article 10.

### **9.4. Reserved**

### **9.5. Suspension of Performance**

Notwithstanding any other provision of this Agreement, if (a) an Event of Default or (b) a Potential Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon Notice to the Defaulting Party, shall have the right (i) to suspend performance under this Agreement and (ii) to the extent an Event of Default shall have occurred and be continuing to exercise any remedy available at law or in equity.

### **9.6. Rights and Obligations Surviving Termination or Expiration**

The rights and obligations that are intended to survive a termination or expiration of this Agreement are all of those rights and obligations that this Agreement expressly provides survive any such termination or expiration and those that arise from a Party's covenants, agreements, representations, and warranties applicable to, or to be performed, at or during any time before or as a result of the termination or expiration of this Agreement, including:

- (a) A Party's obligation to provide information, including but not limited to Sections 3.3, 5.7, 6.2 and 6.4;
- (b) A Party's obligations with respect to invoices and payments pursuant to this Agreement;

- (c) The obligation of Seller to maintain Performance Assurance as set forth in Section 5.1;
- (d) The obligation of Buyer to return any Performance Assurance under Section 5.3;
- (e) The right to pursue remedies as set forth in Sections 9.2(d) and Article 10;
- (f) The obligations with respect to a Termination Payment as set forth in Section 9.3;
- (g) The dispute resolution provisions of Article 10;
- (h) The indemnity obligations expressly set forth in this Agreement;
- (i) The limitation of liabilities as set forth in Sections 3.5, 6.1 and Article 12;
- (j) The obligation of confidentiality as set forth in Article 13; and
- (k) A Party's obligation to comply with all applicable federal, state and local laws and rules, including without limitation, laws and rules protecting the confidentiality and privacy of Customer and Personal Confidential Information, such as the California Consumer Privacy Act of 2018, as set forth in Section 13.1(b) of this Agreement.

## **ARTICLE 10. DISPUTE RESOLUTION**

### **10.1. Dispute Resolution**

Other than requests for provisional relief under Section 10.5, any and all Disputes which the Parties have been unable to resolve by informal methods after undertaking a good faith effort to do so, must first be submitted to mediation under the procedures described in Section 10.3 below, and if the matter is not resolved through mediation, then for final and binding arbitration under the procedures described in Section 10.4 below.

The Parties waive any right to a jury and agree that there will be no interlocutory appellate relief (such as writs) available. Any Dispute resolution process pursuant to this Article 10 shall be commenced within one (1) year of the date of the occurrence of the facts giving rise to the Dispute, without regard to the date such facts are discovered; provided, if the facts giving rise to the Dispute were not reasonably capable of being discovered at the time of their occurrence, then such one (1) year period shall commence on the earliest date that such facts were reasonably capable of being discovered. If the Dispute resolution process pursuant to Article 10 with respect to a Dispute is not commenced within such one (1) year time period, such Dispute shall be barred, without regard to any other limitations period set forth by law or statute.

### **10.2. Negotiation**

Except for disputes arising with respect to a Termination Payment, the Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by prompt negotiations between each Party's Contract Representative, as identified in

Section 8.2, or such other person designated in writing as a representative of the Party ("Manager"). Either Manager may request a meeting (in person or telephonically) to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place. If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies, who shall have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another written notice confirming the referral and identifying the name and title of the Executive who will represent the Party.

Within five (5) Business Days of the Referral Date the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) calendar days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet as often as they reasonably deem necessary to exchange the relevant information and to attempt to resolve the dispute.

All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.

If the matter is not resolved within forty-five (45) calendar days of the Referral Date, or if the Party receiving the written request to meet, pursuant to the first paragraph of this Section 10.2, refuses or will not meet within ten (10) Business Days, either Party may initiate mediation of the controversy or claim according to the terms of the following Section 10.3.

If a dispute exists with respect to the Termination Payment, and such dispute cannot be resolved by good faith negotiation of the Parties within ten (10) Business Days of the Non-Defaulting Party's receipt of the detailed basis for the explanation of the dispute then either Party may refer the matter directly to Arbitration, as set forth in Section 10.4 below.

### **10.3. Mediation**

Either Party may initiate mediation by providing Notice to the other Party of a written request for mediation, setting forth a description of the Dispute and the relief requested.

The Parties will cooperate with one another in selecting the mediator ("Mediator") from the panel of neutrals from Judicial Arbitration and Mediation Services, Inc. ("JAMS"), its successor, or any other mutually acceptable non-JAMS Mediator, and in scheduling the time and place of the mediation.

The Parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs (other than each Party's individual attorneys' fees and costs related to the Party's participation in the mediation, which fees and costs will be borne by such Party).

All offers, promises, conduct and statements, whether oral or written, made in connection with or during the mediation by either of the Parties, their agents, representatives, employees, experts and attorneys, and by the Mediator or any of the Mediator's agents, representatives and employees, will not be subject to discovery and will be confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding between or involving the Parties, or either of them; provided, evidence that is otherwise admissible or discoverable will not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

#### **10.4. Arbitration**

Either Party may initiate binding arbitration with respect to the matters first submitted to mediation by providing Notice in accordance with Article 8 of a demand for binding arbitration before a single, neutral arbitrator (the "Arbitrator") if mediation pursuant to Section 10.3 above does not result in resolution of the dispute within sixty (60) calendar days after service of a written demand for mediation (as the same may be extended by mutual agreement of the Parties).

If Notice of arbitration is not provided by either Party within sixty (60) calendar days following the unsuccessful conclusion of the mediation provided for in Section 10.3 above, the Dispute resolution process shall be deemed complete and further resolution of such Dispute shall be barred, without regard to any other limitations period set forth by law or statute.

The Parties will cooperate with one another in selecting the Arbitrator and scheduling the arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually acceptable Arbitrator, the Arbitrator will be appointed as provided for in California Code of Civil Procedure Section 1281.6.

To be qualified as an Arbitrator, each candidate must be a retired judge of a trial court of any state or federal court, or retired justice of any appellate or supreme court.

Unless otherwise agreed to by the Parties, the individual acting as the Mediator will be disqualified from serving as the Arbitrator in the dispute, although the Arbitrator may be another member of the JAMS panel of neutrals or such other panel of neutrals from which the Parties have agreed to select the Mediator.

Upon Notice of a Party's demand for binding arbitration, such Dispute submitted to arbitration, including the determination of the scope or applicability of this agreement to arbitrate, will be determined by binding arbitration before the Arbitrator, in accordance with the laws of the State of California, without regard to principles of conflicts of laws.

Except as provided for herein, the arbitration will be conducted by the Arbitrator in accordance with the rules and procedures for arbitration of complex business disputes for the organization with which the Arbitrator is associated.

Absent the existence of such rules and procedures, the arbitration will be conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Section

1280 et seq. and California procedural law (including the Code of Civil Procedure, Civil Code, Evidence Code and Rules of Court, but excluding local rules).

Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration will be in Los Angeles County, California.

Also notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, discovery will be limited as follows:

- (a) Before discovery commences, the Parties shall exchange an initial disclosure of all documents and percipient witnesses which they intend to rely upon or use at any arbitration proceeding (except for documents and witnesses to be used solely for impeachment);
- (b) The initial disclosure will occur within thirty (30) calendar days after the initial conference with the Arbitrator or at such time as the Arbitrator may order;
- (c) Discovery may commence at any time after the Parties' initial disclosure;
- (d) The Parties will not be permitted to propound any interrogatories or requests for admissions;
- (e) Discovery will be limited to twenty-five (25) document requests (with no subparts), three (3) lay witness depositions, and three (3) expert witness depositions (unless the Arbitrator holds otherwise following a showing by the Party seeking the additional documents or depositions that the documents or depositions are critical for a fair resolution of the Dispute or that a Party has improperly withheld documents);
- (f) Each Party is allowed a maximum of three (3) expert witnesses, excluding rebuttal experts;
- (g) Within sixty (60) calendar days after the initial disclosure, or at such other time as the Arbitrator may order, the Parties shall exchange a list of all experts upon which they intend to rely at the arbitration proceeding;
- (h) Within thirty (30) calendar days after the initial expert disclosure, the Parties may designate a maximum of two (2) rebuttal experts;
- (i) Unless the Parties agree otherwise, all direct testimony will be in form of affidavits or declarations under penalty of perjury; and
- (j) Each Party shall make available for cross examination at the arbitration hearing its witnesses whose direct testimony has been so submitted.

Subject to Article 11, the Arbitrator will have the authority to grant any form of equitable or legal relief a Party might recover in a court action. The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of the Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to specific performance and injunctive or other equitable relief as a remedy for a breach of Article 13.

Judgment on the award may be entered in any court having jurisdiction.

The Arbitrator must, in any award, allocate all of the costs of the binding arbitration (other than each Party's individual attorneys' fees and costs related to the Party's participation in the arbitration, which fees and costs will be borne by such Party), including the fees of the Arbitrator and any expert witnesses, against the Party who did not prevail.

Until such award is made, however, the Parties will share equally in paying the costs of the arbitration.

Within thirty (30) calendar days after the conclusion of the arbitration hearing, the Arbitrator shall prepare in writing and provide to each Party a decision setting forth factual findings, legal analysis, and the reasons on which the Arbitrator's decision is based. The Arbitrator shall also have the authority to resolve claims or issues in advance of the arbitration hearing that would be appropriate for a California superior court judge to resolve in advance of trial. The Arbitrator shall not have the power to commit errors of law or fact, or to commit any abuse of discretion, that would constitute reversible error had the decision been rendered by a California superior court. The Arbitrator's decision may be vacated or corrected on appeal to a California court of competent jurisdiction for such error. Unless otherwise agreed to by the Parties, all proceedings before the Arbitrator shall be reported and transcribed by a certified court reporter, with each Party bearing one-half of the court reporter's fees.

## **10.5. Provisional Relief**

The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of this Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to seek a preliminary injunction, temporary restraining order, or other provisional relief as a remedy for a breach of Article 13 in any court of competent jurisdiction, notwithstanding the obligation to submit all other Disputes (including all claims for monetary damages under this Agreement) to arbitration pursuant to this Article 10. The Parties further acknowledge and agree that the results of the arbitration may be rendered ineffectual without the provisional relief.

Such a request for provisional relief does not waive a Party's right to seek other remedies for the breach of the provisions specified above in accordance with Article 10,

notwithstanding any prohibition against claim-splitting or other similar doctrine. The other remedies that may be sought include specific performance and injunctive or other equitable relief, plus any other remedy specified in this Agreement for the breach of the provision, or if the Agreement does not specify a remedy for the breach, all other remedies available at law or equity to the Parties for the breach.

## ARTICLE 11. INDEMNIFICATION

### **11.1. Seller's Indemnification Obligations**

- (a) In addition to any other indemnification obligations Seller may have elsewhere in this Agreement, which are hereby incorporated in this Section 11.1, Seller releases, and shall indemnify, defend and hold harmless Buyer, and Buyer's directors, officers, employees, agents, assigns, and successors in interest, from and against any and all loss, liability, damage, claim, cost, charge, demand, penalty, fine or expense of any kind or nature (including any direct, damage, claim, cost, charge, demand, or expense, and attorneys' fees (including cost of in-house counsel) and other costs of litigation, arbitration or mediation, and in the case of third-party claims only, indirect or consequential loss or damage of such third-party), arising out of or in connection with:
- (i) any breach made by Seller of its representations, warranties and covenants in Article 7 or any payment disputes resulting from the use of a Joint Resource;
  - (ii) Seller's failure to fulfill its obligations regarding Resource Adequacy Benefits as set forth in Article 3;
  - (iii) any violation of Applicable Law or the CAISO Tariff arising out of or in connection with Seller's performance of, or failure to perform this Agreement;
  - (iv) injury or death to persons, including Buyer employees, and physical damage to property, including Buyer property, where the damage arises out of, is related to, or is in connection with, Seller's obligations or performance under this Agreement.

This indemnity applies notwithstanding Buyer's active or passive negligence; *provided*, Buyer will not be indemnified for its loss, liability, damage, claim, cost, charge, demand or expense to the extent caused by its gross negligence or willful misconduct.

### **11.2. Indemnification Claims**

All claims for indemnification by Buyer will be asserted and resolved as follows:

If a claim or demand for which Buyer may claim indemnity is asserted against or sought to be collected from Seller by a third party, Buyer shall as promptly as practicable give Notice to Seller; *provided*, failure to provide this Notice will relieve Seller only to the extent that the failure actually prejudices Seller.

- (a) Seller will have the right to control the defense and settlement of any claims in a manner not adverse to Buyer but cannot admit any liability or enter into any settlement without Buyer's approval.
- (b) Buyer may employ counsel at its own expense with respect to any claims or demands asserted or sought to be collected against it; *provided*, if counsel is employed due to a conflict of interest or because Seller does not assume control of the defense, Seller will bear the expense of this counsel.

#### **ARTICLE 12. LIMITATION OF REMEDIES, LIABILITY, AND DAMAGES**

EXCEPT AS SET FORTH HEREIN WITH RESPECT TO THE PRODUCT, THERE ARE NO WARRANTIES BY EITHER PARTY UNDER THIS AGREEMENT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY WILL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED, UNLESS THE PROVISION IN QUESTION PROVIDES THAT THE EXPRESS REMEDIES ARE IN ADDITION TO OTHER REMEDIES THAT MAY BE AVAILABLE.

SUBJECT TO SECTION 9.3, IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY WILL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE PROVISIONS OF ARTICLE 11 (INDEMNIFICATION), NEITHER PARTY WILL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY

PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

NOTHING IN THIS ARTICLE PREVENTS, OR IS INTENDED TO PREVENT, BUYER FROM PROCEEDING AGAINST OR EXERCISING ITS RIGHTS WITH RESPECT TO ANY PERFORMANCE ASSURANCE.

## **ARTICLE 13. CONFIDENTIALITY**

### **13.1. Confidentiality and Privacy Obligations**

- (a) Neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's or the Party's Affiliates' officers, directors, employees, lenders, counsel, accountants, advisors, or Rating Agencies, who have a need to know such information and have agreed to keep such terms confidential) except (i) in order to comply with any Applicable Law, summons, subpoena, exchange rule, or accounting disclosure rule or standard, or to make any showing required by any applicable Governmental Body other than as set forth in Sections 13.1(a)(i) and (vi); (ii) to the extent necessary for the enforcement of this Agreement; (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the non-disclosing Party in making such disclosure; (iv) to the extent such information is or becomes generally available to the public prior to such disclosure by a Party; (v) when required to be released in connection with any regulatory proceeding (provided that the releasing Party makes reasonable efforts to obtain confidential treatment of the information being released); (vi) with respect to Buyer, as may be furnished to its duly authorized Governmental Bodies, including without limitation the Commission and all divisions thereof, to Buyer's Procurement Review Group, a group of participants including members of the Commission and other governmental agencies and consumer groups established by the Commission in Commission decisions 02-08-071 and 03-06-071, and to Buyer's Cost Allocation Mechanism Group established by the CPUC in D.07-12-052, or (vii) Seller may disclose the transfer of the Monthly Quantity under this Agreement to its SC in order for such SC to timely submit accurate Supply Plans. The existence of this Agreement is not subject to this confidentiality obligation; *provided*, neither Party shall make any public announcement relating to this Agreement unless required pursuant to subsection (i) or (v) of the foregoing sentence of this Section 13(a).
- (b) During the Term of this Agreement, both Parties shall comply with all applicable federal, state and local laws protecting the confidentiality and privacy of the

Customer and Personal Confidential Information, including without limitation, the California Consumer Privacy Act of 2018, California Civil Code 1798.100 et seq. In addition, Seller shall cause each of the PDRs in the DRAM Resource and corresponding DRPs and SCs to comply with all applicable federal, state, and local laws set forth in the prior sentence.

### **13.2. Obligation to Notify**

In connection with discovery requests or orders pertaining to confidential information in connection with this Agreement as referenced in Section 13.1(a) (“Disclosure Order”) each Party shall, to the extent practicable, use reasonable efforts to:

- (a) Notify the other Party before disclosing the Confidential Information; and
- (b) Prevent or limit such disclosure.

After using such reasonable efforts, the Disclosing Party will not be:

- (c) Prohibited from complying with a Disclosure Order; or
- (d) Liable to the other Party for monetary or other damages incurred in connection with the disclosure of the Confidential Information.

### **13.3. Remedies; Survival**

The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, these confidentiality and privacy obligations. With respect to information provided in connection with this Agreement, these obligations shall survive for a period of three (3) years following the expiration or termination of this Agreement.

## **ARTICLE 14. FORCE MAJEURE**

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the “Claiming Party”) gives notice and details of the Force Majeure to the other Party as soon as practicable, then, unless the terms of the Product specify otherwise, the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

## ARTICLE 15. MISCELLANEOUS

### **15.1. General**

- (a) This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.
- (b) The term “including,” when used in this Agreement, shall be by way of example only and shall not be considered in any way to be in limitation.
- (c) The headings used herein are for convenience and reference purposes only.
- (d) Each Party agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement.
- (e) Words having well-known technical or industry meanings have these meanings unless otherwise specifically defined in this Agreement.
- (f) Whenever this Agreement specifically refers to any Applicable Law, tariff, government department or agency, or Rating Agency, the Parties hereby agree that the reference also refers to any successor to such law, tariff or organization.
- (g) Nothing in this Agreement relieves either Party from, or modifies, any obligation or requirement that exists in any Applicable Law, tariff, rule, or regulation.
- (h) The Parties acknowledge and agree that this Agreement and the transactions contemplated by this Agreement constitute a “forward contract” within the meaning of the Bankruptcy Code and that Buyer and Seller are each “forward contract merchants” within the meaning of the Bankruptcy Code.

### **15.2. Governing Law and Venue**

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

### **15.3. Amendment**

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

#### **15.4. Assignment**

- (a) Neither Party shall assign this Agreement or its rights hereunder, as the case may be, without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof or thereof, as the case may be, in connection with any financing or other financial arrangements to any person or entity whose creditworthiness is equal to or higher than that of such Party, (b) transfer or assign this Agreement to an Affiliate of such Party which Affiliate's creditworthiness is equal to or higher than that of such Party, or (c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party and whose creditworthiness is equal to or higher than that of such Party; provided, in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.
- (b) If Seller seeks to assign this Agreement or its rights hereunder and Buyer's consent is required under Section 15.4(a) or pursuant to CPUC rules on reassignment described in Decision 19-12-040 or other applicable rules or laws, then no later than thirty (30) calendar days in advance of the proposed assignment, Seller shall issue Notices to the Commission's Energy Division and to Buyer informing each of Seller's intent to assign, and shall inform prospective Demand Response Providers by emailing all regulatory affairs or contract managers for all registered Demand Response Providers. Seller shall issue a Notice to Buyer of its selected assignee and shall provide concurrently with such Notice: (i) draft modifications to this Agreement to accommodate such assignment; (ii) evidence that the proposed assignee and the DRAM Resource is in compliance with the Milestones; and (iii) the additional information required by the QC Implementation Guidelines, as to the selected assignee. Buyer shall advise Seller of its approval or disapproval of such assignment, in its reasonable discretion, within fifteen (15) Business Days after receipt of all such information. Such assignment, if approved by Buyer, shall not become effective until CPUC Approval has been obtained with respect to the revised Agreement. Buyer shall request CPUC Approval of any revised Agreement via a Tier 1 Advice Letter.

#### **15.5. Successors and Assigns**

This Agreement shall be binding upon and inure to the benefit of, the Parties and their respective successors and assigns. This Agreement is not intended to confer any rights or remedies upon any other persons other than the Parties.

#### **15.6. Waiver**

None of the provisions of this Agreement shall be considered waived by either Party unless the Party against whom such waiver is claimed gives the waiver in writing. The failure of

either Party to insist in any one instance upon strict performance of any the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishments of such rights for the future but the same shall continue and remain in full force and effect. Waiver by either Party of any default of the other Party shall not be deemed a waiver of any other default.

#### **15.7. No Agency**

Except as otherwise provided explicitly herein, in performing their respective obligations under this Agreement, neither Party is acting, or is authorized to act, as the other Party's agent.

#### **15.8. No Third-Party Beneficiaries**

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

#### **15.9. Entire Agreement**

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

#### **15.10. Severability**

If any term, section, provision or other part of this Agreement, or the application of any term, section, provision or other part of this Agreement, is held to be invalid, illegal or void by a court or regulatory agency of proper jurisdiction, all other terms, sections, provisions or other parts of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or regulatory agency holds that the provisions are not separable from all other provisions of this Agreement.

#### **15.11. Multiple Originals**

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

#### **15.12. Mobile Sierra**

Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to the FERC

pursuant to the provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party, or the FERC acting *sua sponte* shall be the “public interest” standard of review set forth in *United States Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956).

#### **15.13. Performance Under this Agreement**

Each Party and its representatives shall maintain records and supporting documentation relating to this Agreement, and the performance of the Parties hereunder in accordance with, and for the applicable time periods required by, all Applicable Laws.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Execution Date.

**SOUTHERN CALIFORNIA EDISON  
COMPANY**, a California corporation

[SELLER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **EXHIBIT A**

### **DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings set forth below:

**"ADR Guidelines"** means the guidelines for Buyer's Automated Demand Response Program implemented pursuant to Decisions 12-04-045, 14-05-025, and 18-11-029, as modified or updated from time to time, including the updates to the guidelines that are submitted in the Tier Two advice letter process on September 1 of each year in compliance with Ordering Paragraph 8 of Decision 18-11-029.

**"Affiliate"** means, with respect to a Party, any entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with that Party. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Agreement"** has the meaning in the Preamble.

**"Applicable Laws"** means all constitutions, treaties, laws, ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Body that apply to either or both of the Parties, the DRP, the PDR or the terms of this Agreement.

**"Arbitrator"** has the meaning set forth in Article 10.4.

**"Audit Notice"** has the meaning set forth in Section 1.6(k).

**"Automated Demand Response"** or **"ADR"** is Buyer's demand response program offering Customers an incentive to install automated communication equipment and associated software that enhances their ability to reduce load during Buyer's demand response program events. For purposes ADR, Seller's participation in the CAISO Markets pursuant to this Agreement is a Buyer demand response program, pursuant to the September 24, 2015 disposition letter from Commission staff. The CPUC approved the ADR programs by Decision 12-04-045 and Decision 14-05-025.

**"Automated Demand Response Customer"** or **"ADR Customer"** is a non-Residential Customer that has installed the ADR equipment under Buyer's ADR and received, at minimum, approval from Buyer that it has been approved for its first (60%) incentive payment.

**"Availability Assessment Hours"** or **"AAH"** has the meaning set forth in the CAISO Tariff.

**"Average Qualifying Capacity"** or AQC has the meaning set forth in Section 1.7 and Exhibit E.

**"Award"** has the meaning set forth in Section 6.6(b).

**"Bankrupt"** means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action

under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

“Bankruptcy Code” means the United States Bankruptcy Code (11 U.S.C. §101 *et seq.*), as amended, and any successor statute.

“Big Creek/Ventura LCA Substations” means the following substations located in the CAISO area: ACTON SC, ANAVERDE, BIG CRK1, DEL SUR, FRAZPARK, GOLETA, GORMAN, GREATLKS, HELIJET, LANCSTR, LANPRI, LITTLERK, MOORPARK, NEENACH, OASIS SC, OSO, PALMDALE, PIUTE, PSTRIA, PURIFY, QUARTZHL, RECTOR, REDMAN, RITE AID, RITTER, ROCKAIR, ROSAMOND, S.CLARA, SAUGUS, SHUTTLE, SPRINGVL, TORTOISE, VESTAL, WESTPAC, and WILSONA.

“Bid” shall have the meaning in the CAISO Tariff.

“Bundled Service Customer” means a customer of Buyer as a utility distribution company who takes bundled services from Buyer as a utility distribution company including having all its power requirements purchased by Buyer.

“Business Day” means a day that is not a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday immediately following the U.S. Thanksgiving holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

“Buyer” has the meaning set forth in the preamble.

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

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

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

“Capacity Baseline” means a CAISO baseline as applicable to the PDR(s) in the DRAM Resource, as specified in the CAISO Tariff and approved by the CPUC for retail settlement purposes in the DRAM, and as limited by the following: (i) a day matching customer load ten-in-ten baseline with a twenty percent (20%) cap; (ii) a weather matching baseline with a forty percent (40%) cap; (iii) the use of control groups; and (iv) a five-in-ten baseline for residential customers, with a forty percent (40%) cap, as utilized for the calculation of Qualifying Capacity

and Demonstrated Capacity, and for CAISO settlements, in accordance with Section 1.6 of this Agreement.

“Capacity Procurement Mechanism” has the meaning set forth in the CAISO Tariff.

“Cash” means U.S. Dollars held by or on behalf of Buyer as Performance Assurance hereunder.

“Cash Interest Rate” means the Federal Funds Effective Rate - the rate for that day opposite the caption “Federal Funds (Effective)” as set forth in the weekly statistical release designated as H.15 (519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

“Claiming Party” has the meaning set forth in Article 14.

“Commission” or “CPUC” means the California Public Utilities Commission, and all divisions thereof, or any successor thereto.

“Compliance Showing(s)” means the RAR compliance or advisory showings (or similar or successor showings), that an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, to the CAISO pursuant to the CAISO Tariff, or to any Governmental Body having jurisdiction.

“Contract Price” means the price for each type of Product as specified in Exhibit B for each Showing Month.

“CPM Capacity” has the meaning set forth in the CAISO Tariff.

“CPUC Approval” means a decision of the CPUC that (i) is final and no longer subject to appeal, which approves the Agreement in full and in the form presented on terms and conditions acceptable to both Parties, including without limitation terms and conditions related to cost recovery and cost allocation of amounts paid to Seller under the Agreement; (ii) does not contain conditions or modifications unacceptable to both Parties; and (iii) finds that any procurement pursuant to this Agreement satisfies the requirement to procure preferred resources under Commission Decision 13-02-015.

“CPUC Decisions” means Commission Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-031, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 09-12-053, 10-06-036, 10-12-038, 11-06-022, 11-10-003, 12-06-025, 13-02-006, 13-04-013, 13-06-024, 14-03-026, 14-06-050, 14-12-024, 15-02-007, 15-06-063, 19-07-009, 19-06-026, 19-12-040 and any other existing or subsequent decisions, resolutions, or rulings related to Resource Adequacy, including, without limitation, the CPUC RA Filing Guide, in each case as may be amended from time to time by the CPUC.

“CPUC RA Filing Guide” is the 2019 annual document issued by the Commission which sets forth the guidelines, requirements and instructions for LSE’s to demonstrate compliance with the Commission’s Resource Adequacy program.

**“Credit Rating”** means, with respect to any entity, the rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by the Ratings Agencies.

**“Customer”** means a person or entity that is either a: (i) Bundled Service Customer; (ii) community choice aggregation customer or direct access customer who would otherwise be eligible to be a Bundled Service Customer; or (iii) Unbundled Service Customer.

**“Customer and Personal Confidential Information”** means (i) personal information as defined in California Civil Code section 1798.140(o); (ii) Customer specific information as defined in CPUC rules and decisions which does not meet the CPUC’s aggregation standards in CPUC D.14-05-016 for non-Residential Customers of at least fifteen (15) Customers with no Customer comprising fifteen percent (15%) or more of the data and for Residential Customers of at least one hundred (100) Customers per zip code (CPUC aggregation standards), (iii) all written materials marked “Confidential”, “Proprietary” or with words of similar import provided to the receiving Party; and (iv) any calculations and the results of such calculations involving the Customer and Personal Confidential Information disclosed by the disclosing Party that does not meet the CPUC’s aggregation standards. The Customer and Personal Confidential Information includes portions of documents, records and other material forms or representations which the receiving Party may create, including but not limited to handwritten notes or summaries, that contain or are derived from such Customer and Personal Confidential Information.

**“Customer Data Access Systems”** has the meaning described in CPUC Decision 13-09-025.

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

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

**“DC Dispatch”** means a Dispatch of a PDR in the DRAM Resource in the CAISO market, in accordance with the CAISO Tariff, for a duration of (i) one (1) hour within the Availability Assessment Hours for all Showing Months except the Showing Month of August or (ii) two (2) consecutive hours within the Availability Assessment Hours for the Showing Month of August that is used to demonstrate capacity; provided that, such two (2) consecutive hours requirement may be satisfied by a combination of a DC Dispatch and a DC Test.

**“DC-QC Ratio”** has the meaning set forth in Section 4.1.

**“DC Test”** means a capacity test of a PDR in the DRAM Resource for one hundred percent (100%) of such PDR’s Qualifying Capacity for the applicable Showing Month (where such Qualifying Capacity has been submitted in Seller’s Supply Plan for that Showing Month), with a duration of at least two (2) consecutive Availability Assessment Hours, conducted by the Seller’s SC during the applicable Showing Month, in accordance with the CAISO Tariff and D.14-06-050, Appendix B, that is used to demonstrate capacity.

**“Default Adjustment Value”** has the meaning set forth in Section 7.2(b)(v)(B), CPUC Resolution E-4838, and CPUC Resolution E-4906.

“Defaulting Party” has the meaning set forth in Section 9.1.

“Delivered Capacity Payment” has the meaning described in and is calculated pursuant to Section 4.1.

“Delivered Energy Quantity” or “DEQ” has the meaning set forth in Section 1.7 and Exhibit E.

“Delivery Period” has the meaning set forth in Section 1.3.

“Demand Response Provider” or “DRP” has the meaning in the CAISO Tariff.

“Demonstrated Capacity” has the meaning set forth in Section 1.6(a).

“Dispatch” means the act of reducing all or a portion of the electrical consumption of the PDR pursuant to a Dispatch Instruction.

“Dispatch Instruction” has the meaning in the CAISO Tariff.

“Dispute” means any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to the terms of this Agreement, or to either Party’s performance or failure of performance under this Agreement.

“Distributed Energy Resource Aggregation” has the meaning in the CAISO Tariff.

“Diverse Business Enterprises” or “DBE” means Women, Minority, Disabled Veteran (WMDV) and Lesbian, Gay, Bisexual and Transgender (LGBT) Business Enterprises as defined in CPUC General Order 156.

“DRAM” means the Demand Response Auction Mechanism, which is a procurement mechanism during 2021 for the Product as described in CPUC D.14-12-024, D.17-10-017, D.19-07-009 and D.19-12-040.

“DRAM Resource” means the sum of the PDR(s) that Seller identifies pursuant to Section 1.4 that will provide Product to Buyer.

“DRAM Resource Customer” is a Bundled Service Customer or Unbundled Service Customer account at the Service Account Identification level that is included in the DRAM Resource.

“Early Termination Date” has the meaning set forth in Section 9.2(a).

“EFC” shall mean Effective Flexible Capacity as defined in the CAISO Tariff.

“Event of Default” has the meaning set forth in Section 9.1.

“Execution Date” has the meaning set forth in the preamble.

“Executive(s)” has the meaning set forth in Section 10.2.

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

**“Financial Consolidation Requirement”** has the meaning set forth in Section 5.7(a).

**“Flexible Capacity”** means any and all flexible Resource Adequacy attributes associated with the PDR(s) designated by Seller pursuant to Section 1.4, as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward Flexible RAR, and which may be (i) exclusive of Local Capacity and (ii) be in Flexible Category 1 (base flexibility), 2 (peak flexibility) or 3 (super-peak flexibility) as described in the CAISO Tariff.

**“Flexible RAR”** means the flexible Resource Adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction.

**“Force Majeure”** means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (i) the loss of Buyer’s markets; (ii) Buyer’s inability economically to use or resell the Product purchased hereunder; (iii) the loss or failure of Seller’s supply; (iv) Seller’s ability to sell the Product at a greater price; (v) a failure of performance of any other entity that is not a Party, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; or (vi) breakage or malfunction of equipment, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event.

**“GAAP”** means United States generally accepted accounting principles as in effect from time to time, consistently applied.

**“Governmental Body”** means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

**“IFRS”** means the International Financial Reporting Standards.

**“Initial Negotiation End Date”** has the meaning set forth in Section 10.2.

**“Interest Amount”** means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all calendar days in such Interest Period; each daily interest amount to be determined by such Party as follows: (i) the amount of Cash held by such Party on that day; multiplied by (ii) the Cash Interest Rate for that day, divided by (iii) 360.

**“Interest Period”** means the period from (and including) the last Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

**“JAMS”** has the meaning set forth in Article 10.3.

**“Joint Resource”** means respectively a PDR which includes DRAM Resource Customers registered by the Seller (or its DRP) and other customers registered by another aggregator (or its DRP) who are not considered part of the respective PDR for purposes of meeting Seller’s obligations under this Agreement.

**“LA Basin LCA Substations”** means the following substations located in the CAISO area: ALMITOSW, AMERON, BANNING, BARRE, BOTTLE, CABAZON, CARODEAN, CENTER, CHEVMAIN, CHINO, CONCHO, DELAMO, DEVERS, EAGLROCK, EISENHOW, EL CASCO, EL NIDO, ELLIS, ETIWANDA, FARREL, GARNET, GOODRICH, GOULD, HI DESER, HINSON, IEEC-G1, IEEC-G2, INDIAN W, JOHANNA, LA FRESA, LAGUBELL, LCIENEGA, LITEHIPE, LTHRNECK, LWIS ANM, MARASCHI, MESA CAL, MIRALOMA, OLINDA, PADUA, RIOHONDO, SANBRDNO, SANTA RO, SANTIAGO, SONG2XR1, SONG2XR2, SONG2XU1, SONG2XU2, SONG3XR1, SONG3XR2, SONG3XU1, SONG3XU2, TAMARISK, THORNHIL, VALLEY-S, VALLEYSC, VIEJO66, VILLA PK, VSTA, WALNUT, WINTEC8, WINTECX1, WINTECX2, YUCCA, and ZANJA.

**“LCA Customers”** means a Customer that either (i) directly takes or receives electricity services from Buyer’s LCA or (ii) directly takes or receives electricity services from a lower voltage substation that electrically connects to Buyer’s LCA.

**“Letter of Credit”** means an irrevocable, nontransferable standby letter of credit, substantially in the form of Exhibit I and acceptable to Buyer, provided by Seller from an issuer acceptable to Buyer that is either a U.S. financial institution or a U.S. commercial bank or a U.S. branch of a foreign bank with such financial institution or the bank (i) having (a) a Credit Rating of at least "A-, with a stable designation" from S&P and "A3, with a stable designation" by Moody's, if such entity is rated by both S&P and Moody's; or (b) "A-, with a stable designation" by S&P or "A3, with a stable designation" by Moody's, if such entity is rated by only one Ratings Agency; and (ii) having shareholder equity (determined in accordance with generally accepted accounting principles) of at least \$1,000,000,000.00 (ONE BILLION AND 00/100 DOLLARS). Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

**“Letter of Credit Default”** means with respect to a Letter of Credit, the occurrence of any of the following events: (a) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least "A-", with a stable outlook designation from S&P, and "A3", with a stable outlook designation from Moody's, if such issuer is rated by both S&P and Moody's, "A-" by S&P with a stable outlook designation, if such issuer is rated only by S&P, or "A3" by Moody's with a stable outlook designation, if such issuer is rated only by Moody's; (b) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit; (c) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit; (d) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the Term of the Agreement, in any such case without replacement; or (e) the issuer of such Letter of Credit shall become Bankrupt; *provided*, no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement.

**“Local Capacity”** means any and all Resource Adequacy attributes or other locational attributes associated with the PDR(s) designated by Seller and comprised of LCA Customers pursuant to Section 1.4, from a Local Capacity Resource (as defined in CAISO Tariff) in Buyer’s Local Capacity Area, as applicable and as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward Local RAR, which may be exclusive of any Flexible Capacity, as applicable to the Product.

**“Local Capacity Area”** or **“LCA”** means the areas where LCA Customers are electrically interconnected to any of the LA Basin LCA Substations and/or the Big Creek/Ventura LCA Substations.

**“Local RAR”** means the local Resource Adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction. Local RAR may also be known as local area reliability, local Resource Adequacy, local Resource Adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

**“LSE”** means load-serving entity.

**“Manager”** has the meaning set forth in Section 10.2.

**“Mediator”** has the meaning set forth in Section 10.3.

**“Merger Event”** means, with respect to a Party, that such Party consolidates or amalgamates with, merges into or with, or transfers substantially all its assets to another entity and (i) the resulting entity fails to assume all the obligations of such Party hereunder, or (ii) the resulting entity’s creditworthiness is materially weaker than that of such Party immediately prior to such action. The creditworthiness of the resulting entity shall not be deemed to be ‘materially weaker’ so long as the resulting entity maintains a Credit Rating of at least that of the applicable Party, as the case may be, immediately prior to the consolidation, merger or transfer.

**“Milestone”** has the meaning set forth Section 3.3(b).

**“Monthly Contracted Quantity”** means the respective amount of each type of Product set forth in Exhibit B that Seller has agreed to provide to Buyer from the DRAM Resource for each day of the respective Showing Months.

**“Monthly Quantity”** means the aggregate amount of all Monthly Contracted Quantities set forth in Exhibit B that Seller has agreed to provide to Buyer from the DRAM Resource for each day of the respective Showing Months for the respective types of Product.

**“Moody’s”** means Moody’s Investors Service, Inc. or its successor.

**“Must-Offer Obligation”** or **“MOO”** means Seller’s obligation to Bid or cause Seller’s SC to Bid the DRAM Resource into the CAISO Markets based on the type of Product and in accordance with the CAISO Tariff.

**“NQC”** shall mean Net Qualifying Capacity as defined in the CAISO Tariff.

“Notification Time” means the 10:00 a.m. Pacific Prevailing Time on a Business Day.

“Non-Competitive Behavior” means bidding behavior providing clear evidence of market manipulation or collusion.

“Non-Defaulting Party” has the meaning set forth in Section 9.2.

“Notice” means notices, requests, statements or payments provided in accordance with Article 8.

“Partial DC Dispatch” has the meaning set forth in Section 1.6(a)(i).

“Performance Assurance” has the meaning set forth in Section 5.1(a). Performance Assurance must be in the form of Cash or Letter of Credit. Any Cash received and held by Buyer after drawing on any Letter of Credit will constitute Performance Assurance in the form of Cash.

“Potential Event of Default” means an event which, with Notice or passage of time or both, would constitute an Event of Default.

“Procurement Review Group” has the meaning set forth in Section 13.1.

“Product” means either System Capacity, Local Capacity and/or Flexible Capacity. The particular type of Product sold by Seller to Buyer under this Agreement is specified in Table 1.1(b). Buyer and Seller will have separate agreements for separate products and will combine multiple awards of the same product into one agreement at a weighted average price.

“Progress Report” has the meaning set forth in Section 3.3(b).

“Prohibited Resource” means a distributed generation technology using diesel, natural gas, gasoline, propane, or liquefied petroleum gas, in topping cycle Combined Heat and Power (CHP) or non-CHP configuration. The following resources are exempt: pressure reduction turbines and waste-heat-to-power bottoming cycle CHP, resources using renewable fuels (i.e. renewable gas, renewable diesel, and biodiesel) that have received certification from the California Air Resources Board, as well as energy storage resources not coupled with fossil fueled resources.

“Proxy Demand Resource” or “PDR” has the meaning in the CAISO Tariff.

“QC De-Rate Notice” shall have the meaning set forth in Section 3.1(b).

“QC Implementation Guidelines” has the meaning set forth in Section 3.1(a)(ii).

“Qualifying Capacity” means the load reduction for each PDR in the DRAM Resource, calculated utilizing the Capacity Baseline, consistent with the QC Implementation Guidelines, the CPUC Decisions and the CAISO Tariff.

“RAR” means the Resource Adequacy requirements established for LSEs by the Commission pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Body having jurisdiction, or successor program requirements.

“Ratings Agency” means any of S&P or Moody’s (collectively the ‘Ratings Agencies’).

“Referral Date” has the meaning set forth in Section 10.2.

“Required Energy Quantity” or “REQ” has the meaning set forth in Section 1.7 and Exhibit E.

“Residential Customer” means a DRAM Resource Customer which is a Single Family or Multi-Family Dwelling customer on a Domestic rate, including RV Parks, Residential Hotels, and Mobile Home Parks and includes electric vehicle charging for customers on Domestic Rate if separately metered, as such capitalized terms are defined in Rule 1.

“Residential Customer Product” means Product that is comprised solely of Residential Customers and Small Commercial Customers; *provided* that the percentage of Residential Customers in the PDR(s) constituting the DRAM Resource is equal to or greater than ninety percent (90%). Where multiple PDRs, or portions thereof, are used to meet Seller’s Demonstrated Capacity obligations, the percentage requirements apply in the aggregate, based on the total number of PDR Customer service accounts in the DRAM Resource used to show Demonstrated Capacity.

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

“Resource Adequacy” and “Resource Adequacy Benefits” have the meanings set forth in the CPUC Decisions.

“Revenue Quality Meter Data” means interval meter data that has been validated, edited, and estimated in accordance with the Direct Access Standards for Metering and Meter Data as described in Rule 22.

“Rule 24” means Direct Participation Demand Response:  
[https://www.sce.com/NR/sc3/tm2/pdf/Rule\\_24.pdf](https://www.sce.com/NR/sc3/tm2/pdf/Rule_24.pdf).

“S&P” means Standard & Poor’s Financial Services LLC, or its successor.

“SAID” or “Service Account Identification” means a Buyer specific identifier or number for tracking energy service deliveries for a specific load through one or more meters at a customer premises or location as described in Rule 1.

“Scheduling Coordinator” or “SC” has the meaning set forth in the CAISO Tariff.

“Seller” has the meaning set forth in the preamble.

“Settlement Amount” means the sum of the estimated Delivered Capacity Payments for all of the remaining Showing Months of the original Delivery Period as in effect prior to such early termination, including the current Showing Month if not invoiced pursuant to Section 4.2, as of the Early Termination Date, with such estimated Delivered Capacity Payments being based on the sum of the applicable Monthly Contracted Quantity times the applicable Contract Price for each type of Product.

“Shortfall Capacity” means the amount of capacity with respect to the Monthly Contracted Quantity for a type of Product for any portion of a Showing Month which was shown by Buyer

in its Compliance Showing that CAISO determines requires outage replacement in accordance with Section 40.7 of the CAISO Tariff.

“Showing Month” shall be each day of each calendar month of the Delivery Period that is the subject of the Compliance Showing, as set forth in the CPUC Decisions and outlined in the CAISO Tariff. For illustrative purposes only, pursuant to the CAISO Tariff and CPUC Decisions in effect as of the Execution Date, the monthly Compliance Showing made in June is for the Showing Month of August.

“Small Commercial Customer” means a DRAM Resource Customer which is a non-Residential Customer with monthly maximum demand of 20 kW or less, including agricultural/pumping customers (PA-1, PA-2, TOU-PA-2 rates) and TOU-EV3, service to electric charging facilities with monthly maximum demand of 20 kW or less. Excludes customers on rate schedules for fixed usage and unmetered service (Schedules LS-1, LS-2, OL-1, TC-1, Wi-Fi-1, and WTR).

“SubLAP” means the geographic location corresponding to each customer service account within the distribution network located in Buyer’s service territory.

“Successor” means any successor accounting practices to GAAP or IFRS.

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

“System Capacity” means system Resource Adequacy Benefits associated with the PDR(s) designated by Seller pursuant to Section 1.4, as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward RAR, which may be exclusive of any Local Capacity and Flexible Capacity as indicated on Table 1.1(b).

“Term” has the meaning set forth in Section 1.2.

“Termination Payment” means the sum of all amounts owed by the Defaulting Party to the Non-Defaulting Party under this Agreement, which shall include the Settlement Amount, less any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date. If Buyer is the Non-Defaulting Party and reasonably expects to incur penalties, fines or costs from the CPUC, the CAISO, or any other Governmental Body, then Buyer may estimate the penalties or fines and include them in the Termination Payment amount.

“Transfer” means, with respect to any Performance Assurance or Interest Amount, and in accordance with the instructions of the Party entitled thereto: (i) in the case of Cash, the payment or transfer by wire transfer into one or more bank accounts specified by the recipient; (ii) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the recipient.

“Unbundled Service Customer” means a retail customer of the Buyer acting as a utility distribution company, who takes and receives its electrical power requirements from a different Load Serving Entity that is not the Buyer, pursuant to CPUC Rule 22 Direct Access or Rule 23 Community Choice Service.

“Undelivered Energy Penalty” has the meaning set forth in Section 1.7.

“Verification Administrator” has the meaning set forth in CPUC Resolution E-4838 and CPUC Resolution E-4906.

**EXHIBIT B**  
**MONTHLY CONTRACTED QUANTITY**  
**AND**  
**CORRESPONDING CONTRACT PRICE**

Showing Month	Product [Insert]	
	[Year]	
	Monthly Quantity (kW for each day of Showing Month)	Contract Price (\$/kW-month)
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

*[Parties to complete one table for each type of Product indicated in Table 1.1(b) and accepted bid information.]*

**EXHIBIT C-1**

## **Form of Notice of Demonstrated Capacity**

## **EXHIBIT C1 - Notice of Demonstrated Capacity (QC)**

**For use with System and Local Capacity Product**

## Demand Response Auction Mechanism (DRAM)

Showing Month: \_\_\_\_\_  
Seller: \_\_\_\_\_  
Seller Contact Name: \_\_\_\_\_  
Seller Contact Phone: \_\_\_\_\_  
SCID: \_\_\_\_\_  
Local Capacity Area (LCA): \_\_\_\_\_

Total "Monthly Quantity" (MW): .....  
Total "Demonstrated Capacity" (MW): 0.00 MW

Therefore: in Delivered Capacity Payment formula, "B" = 0.00 MW

The information provided by Seller in this Notice of Demonstrated Capacity is required by Section 1.6 of the DRAM Resource Purchase Agreement with <insert IOU name>.

<sup>1</sup>A combination of a market dispatch and test could be used to satisfy the August two consecutive hour requirement if the CAISO market dispatch does not cover the two consecutive hours.

**EXHIBIT C-2**

# **Form of Notice of Demonstrated Capacity**

## **EXHIBIT C2 - Notice of Demonstrated Capacity (EFC)**

**For use with Flexible Capacity Product**

## Demand Response Auction Mechanism (DRAM)

Showing Month: \_\_\_\_\_

Seller: \_\_\_\_\_

Seller Contact Name: \_\_\_\_\_

Seller Contact Phone: \_\_\_\_\_

**SCID:** .....  
.....

Local Capacity Area (LCA): \_\_\_\_\_ (mark "n/a" if not a Local Capacity product)

Total "Monthly Quantity" (MW):

Total "Demonstrated Capacity" (MW): 0.00 MW

**Residential Product (Yes / No)**

Therefore: in Delivered Capacity Payment formula, "B" = 

The information provided by Seller in this Notice of Demonstrated Capacity is required by Section 1.6 of the DRAM Resource Purchase Agreement with <insert IOU name>.

<sup>1</sup>A combination of a market dispatch and test could be used to satisfy the August two consecutive hour requirement if the CAISO market dispatch does not cover the two consecutive hours.

**EXHIBIT D**  
**COMMUNICATION PROTOCOLS FOR DATA ISSUES**  
**(D.19-12-040, OP 26)**

Below are the approved Protocols for Data Issues Communication - DRAM Sellers must use the most current version of the Final DRAM Template, "Data Issue Reporting" (originally published March 13, 2020).

- Buyer and Seller shall each designate a point of contact for all data delivery inquiries and notify the Commission's Energy Division, the Buyer, and the Seller of any changes to this point of contact.
- Buyer shall facilitate a monthly call for Seller to report data issues.
- Seller shall perform troubleshooting prior to notifying Buyer of any data issues including:
  - a) verifying the Application Programming Interface data request was correctly formatted;
  - b) verifying Seller's customer lists are updated, including removing customers whose service accounts have been closed; and
  - c) verifying that missing data is not a result of a planned or unplanned outage where Buyer has notified Seller.
- Seller shall notify Buyer of data errors using the standardized data template finalized by the Commission's Energy Division pursuant to OP 27 of D.19-12-040, as the same may be modified from time to time.
- Buyer shall confirm receipt of Seller's inquiry and provide an estimated time of resolution of the inquiry within two (2) Business Days after receipt thereof.
- Buyer shall update Seller on a regular basis and when the estimated time of resolution could change.
- Buyer shall confirm resolution of the inquiry and data delivery.

**EXHIBIT E**  
**MINIMUM ENERGY DISPATCH REQUIREMENTS**  
**(D.19-12-040 Attachment 1, Appendix C)**

Below are the approved Requirements for Minimum Energy Dispatch Requirements – DRAM Sellers must use the most current version of the Final DRAM Templates, “Required Energy Quantity – A/B” (originally published March 13, 2020).

1. Demand Response Auction Mechanism (Auction Mechanism) resources must deliver at least 30 megawatt hours (MWh) per megawatt (MW) of average Qualifying Capacity (AQC). We define this as the Required Energy Quantity (REQ) for the Auction Mechanism resources. The average Qualifying Capacity is the average of three highest Qualifying Capacity months on the month ahead Supply Plans associated with an Auction Mechanism contract.
2. The required energy quantity shall be delivered during the contracted months and during the Availability Assessment Hours.
3. Sellers shall submit documentation to the contracted Utility showing California Independent System Operator (CAISO) settlements for the delivery of the required energy quantity (DEQ), along with the calculation of average Qualifying Capacity, at the time of their last Demonstrated Capacity Invoice submission or when they have received sufficient Revenue Quality Meter Data, whichever is earlier. To protect the confidentiality of market related data, Sellers may omit price and revenue data.
4. If the required energy quantity (REQ) is not delivered by the end of the contract term, Sellers will be assessed a penalty based on the following calculation applicable at the aggregate level associated with an Auction Mechanism contract:

Undelivered Energy Penalty (\$) = \$10,000/MW x Average Qualifying Capacity (AQC) x (1 – delivered energy quantity (DEQ) / required energy quantity (REQ)),

where the delivered energy quantity is the cumulative energy delivered by the applicable aggregate resources associated with an Auction Mechanism contract during the contracted months and during the Availability Assessment Hours.

**EXHIBIT F**

# **Form of Notice of Showing Month Supply Plan**

**EXHIBIT G**  
**IMPLEMENTATION GUIDELINES FOR QUALIFYING CAPACITY**  
**(D.19-07-009 Appendix A)**

Below are the approved Guidelines for Qualifying Capacity – DRAM Sellers must use the most current versions of the Final DRAM Templates, “QC Supporting Data-Monthly” and “QC Monthly-Historical Data” (originally published March 13, 2020).

- A. Sellers should provide the following details to the Utility for demand response resources being offered, with the auction capacity bid submission no later than ten (10) business days before the year-ahead filings and monthly Supply Plans are due for the Seller:
  - 1. Customer class (or percent of mix): Residential, Non-residential
  - 2. Nature of load being aggregated: such as, whole house, Air Conditioning load, storage, building load, pumps, Electric Vehicles, or other (describe)
  - 3. Dispatch method: automated via cloud control, or other (describe)
  - 4. Projected number of Service Accounts, including a breakdown of the active and registered number of Service Accounts within the total projected service account numbers
  - 5. Projected aggregated load (if storage based, projected aggregated capacity)
  - 6. Projected percentage of load impact or reduction (if storage based, projected percentage of capacity delivered)
  - 7. Supporting historical performance data for A.6 (from a prior test or market dispatch for a demand response resource with similar characteristics as A.1, A.2, and A.3). Where historical data is not available, the Provider should reference suitable publicly available performance data that best represents the anticipated performance of the resource. Along with the supporting performance data, the following details for the resource associated with the supporting performance data should be provided to establish similar characteristics:
    - a. Customer class (or percentage mix): Residential, Non-residential
    - b. Nature of load being aggregated: such as, whole house, Air Conditioning load, storage, building load, pumps, Electric Vehicles, or other (describe)
    - c. Dispatch method: automated via cloud control, or other (describe)
    - d. Number of Service Accounts
    - e. Aggregated load (if storage based, aggregated capacity)
    - f. Percentage of load impact or reduction delivered (if storage based, percentage of capacity delivered.)
  - 8. Estimated Qualifying Capacity = A.5 x A.6
- B. Qualifying Capacity estimates should be provided for the resource adequacy measurement hours and are expected to align with the CAISO Availability Assessment Hours.
- C. The same baseline must be used for estimation of Qualifying Capacity at different stages of the contract.

- D. To the extent the projected percentage load impact for capacity delivered in A.6 deviates from the supporting data in A.7, the Provider should provide supplemental information to explain the reasonableness of the resulting “Estimated Qualifying Capacity” provided in A.8.
- E. To the extent the contract/ resource consists of heterogenous combination of load types (in terms of A.1 through A.3 characteristics), the Provider could subdivide the contract/resource and provide the above information for each component and apply a weighted average to estimate Qualifying Capacity in A.8.
- F. For auction bid submissions and the year-ahead resource adequacy filing, it is sufficient to provide the above information for the month with the highest megawatts. For monthly resource adequacy Supply Plan submissions, the above information should correspond to the actual delivery month.
- G. At the auction bid submissions and the year-ahead resource adequacy filing, it is sufficient to provide the above information at the contract level. For monthly resource adequacy Supply Plan submissions, the above information must be provided at the resource level.

## EXHIBIT H

### **MILESTONE SCHEDULE AND FORM OF PROGRESS REPORT**

A list of milestones and completion dates for the DRAM Resource (“Milestone Schedule”) is as follows. DRAM Sellers must use the most current version of the Final DRAM Template, “Milestone Progress” originally published March 13, 2020).

<b>Category/Submission Date</b>	<b>Milestone</b>
<b>CAISO Registration Milestones:</b> <b>Deadline for achievement of each Milestone is forty-five (45) calendar days prior to Seller's first Supply Plan submission</b>	
	Seller or its Scheduling Coordinator registers as a CAISO Demand Response Provider, including execution of a Demand Response Provider Agreement
	Seller has become or has contracted with a Scheduling Coordinator or CAISO Demand Response Provider and has identified the name of the Scheduling Coordinator
	Seller or its Scheduling Coordinator has completed other CAISO requirements, including executing a Meter Service Agreement (MSA SC) and obtaining Demand Response Registration System (DRRS) access
	Seller or Scheduling Coordinator has registered a resource pursuant to Section 4.13 of the CAISO tariff and applicable CAISO business practice manuals and received NQC approval from the CAISO
	Seller has attested to having reviewed the CAISO's Demand Response User Guide
<b>Utility Data Systems Integration Milestones:</b> <b>Deadline for achievement of each Milestone is forty-five (45) calendar days prior to Seller's first Supply Plan submission</b>	
	Seller has completed Utility Onboarding Process for Rule 24/32
	Seller has completed registration with Buyer's data sharing platform and completed all connectivity requirements
	Seller has obtained a Click-Through authorization and/or submitted a Customer Information Service Request Demand Response Provider form for processing
	Seller has utilized Buyer's Application Programming Interface to obtain the full Rule 24/32 data set for a customer authorization

<b>Commission Registration Milestones:</b> <b>Deadline for achievement of each Milestone is forty-five (45) calendar days prior to Seller's first Supply Plan submission</b>	
	Seller has executed the Demand Response Service Provider Registration Application Form
	Seller has signed a notarized Commission registration form
	Seller has paid the \$100 fee
	If Seller includes residential customers in its aggregation, Seller has received approval for the customer letter and posted the bond
	Seller has obtained a Commission registration certificate or registration has been published on the Commission's website
<b>Resource Adequacy Milestones: Deadline for achievement of each Milestone is set forth in Exhibit F, "Implementation Guidelines for Qualifying Capacity"</b>	
	Prior to first month of meeting Qualifying Capacity requirements, Seller has had phone call with Buyer to discuss resource creation and progress
	Seller has submitted Qualifying Capacity information in a timely manner

From the Effective Date of this Agreement and continuing until the commencement of the Delivery Period, Seller shall provide a monthly Progress Report containing, at a minimum, the information listed below, as applicable. In accordance with Section 3.3(b), the report must be sent via e-mail in the form of a single Adobe Acrobat file or facsimile to Buyer, on the tenth (10th) calendar day of each month, or within five (5) calendar days after Buyer's request.

1. An executive summary;
2. An updated Milestone Schedule
3. Chart showing schedule, percent completion, and percent change from previous report of major items and activities;
4. Forecast activities for next month; and
5. Potential issues affecting the DRAM Resource.

## **EXHIBIT I**

### **Form of Letter of Credit**

#### **IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT**

Bank Reference Number: \_\_\_\_\_

Issuance Date:

Issuing Bank:  
[insert bank name and address]

Applicant:  
[insert applicant name and address]

#### **BENEFICIARY:**

Southern California Edison Company  
2244 Walnut Grove Avenue  
GO 1, Quad 2A  
Rosemead, CA 91770  
Attn: Manager of Risk Operations and Collateral Management

Available Amount: [insert amount and spell out]

Expiration Date: [insert date]

Ladies and Gentlemen:

\_\_\_\_\_(the "Bank") hereby establishes this Irrevocable Nontransferable Standby Letter of Credit ("Letter of Credit") in favor of Southern California Edison Company, a California corporation (the "Beneficiary"), for the account of \_\_\_\_\_, a \_\_\_\_\_ corporation, also known as ID# \_\_\_\_ (the "Applicant"), for the amount stated above (the "Available Amount"), effective immediately.

This Letter of Credit shall be of no further force or effect at 5:00 p.m., California time, on the expiration date stated above or, if such day is not a Business Day (as hereinafter defined), on the next Business Day (as may be extended pursuant to the terms of this Letter of Credit (the "Expiration Date").

For the purpose hereof, "Business Day" shall mean any day other than:

1. A Saturday or a Sunday,
2. A day on which banking institutions in the city of Los Angeles, California, are required or authorized by Law to remain closed, or
3. A day on which the payment system of the Federal Reserve System is not operational.

It is a condition of this Letter of Credit that the Expiration Date shall be automatically extended without amendment for one (1) year from the Expiration Date hereof or any future Expiration Date unless at least sixty (60) calendar days prior to such Expiration Date, we send notice to you by certified mail or hand delivered courier, at the address stated below, that we elect not to extend this Letter of Credit for any such additional period.

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

1. A copy of this Letter of Credit and all amendments;
2. A copy of the Drawing Certificate in the form of Attachment "A" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary signing as such; and
3. A copy of the Sight Draft in the form of Attachment "B" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary.

Drawings may also be presented by facsimile transmission ("Fax") to fax number [insert number] under telephone pre-advice to [insert number] or alternatively to [insert number]; provided that such Fax presentation is received on or before the Expiration Date on this instrument in accordance with the terms and conditions of this Letter of Credit. It is understood that any such Fax presentation shall be considered the sole operative instrument of drawing. In the event of presentation by Fax, the original documents should not also be presented.

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

This Letter of Credit is not transferable or assignable. Any purported transfer or assignment shall be void and of no force or effect.

All correspondence and any drawings (other than those made by facsimile) hereunder are to be directed to [Bank address/contact].

All notices to Beneficiary shall be in writing and are required to be sent by certified letter, overnight courier, or delivered in person to: Southern California Edison Company, Manager of Risk Operations and Collateral Management, 2244 Walnut Grove Avenue, GO1 Quad 2A, Rosemead, California 91770. Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

Banking charges shall be the sole responsibility of the Applicant.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment. Except in the case of an increase in the Available Amount or extension of the Expiration Date, this Letter of Credit may not be amended or modified without the Beneficiary's prior written consent.

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

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

AUTHORIZED SIGNATURE for Bank

By

Name: [print name] \_\_\_\_\_

Title: [print title] \_\_\_\_\_

## ATTACHMENT A

### DRAWING CERTIFICATE

TO [ISSUING BANK NAME & ADDRESS]

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT  
REFERENCE NUMBER: \_\_\_\_\_

DATE: \_\_\_\_\_

[*insert Beneficiary name*] (the “Beneficiary”), demands [*Issuing Bank Name*] (the “Bank”) payment to the order of the Beneficiary the amount of U.S. \$ \_\_\_\_\_ (\_\_\_\_\_ U.S. Dollars), drawn under the Letter of Credit referenced above (the “Letter of Credit”), for the following reason(s) [check applicable provision]:

- [ ]A. An Event of Default, as defined in that certain Demand Response Resource Purchase Agreement between [*insert counterparty name*] or its successor (the “Counterparty”) and Beneficiary, dated as of [*Date of Execution*] (the “Agreement”) with respect to the Counterparty has occurred and is continuing.
- [ ]B. The Letter of Credit will expire in fewer than twenty (20) Business Days (as defined in the Agreement) from the date hereof, and the Counterparty or its successor has not provided Beneficiary alternative financial security acceptable to Beneficiary.

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

Authorized Signature for Beneficiary:

*[insert Beneficiary name]*

By:

Name: [print name]

Title: [print title]

**ATTACHMENT B**

SIGHT DRAFT

[INSERT DATE]

TO:  
[ISSUING BANK NAME & ADDRESS]

PAY AT SIGHT TO THE ORDER OF [INSERT BENEFICIARY NAME] (THE “BENEFICIARY”) THE AMOUNT OF USD [INSERT AMOUNT] DRAWN UNDER [ISSUING BANK NAME] IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT NUMBER [INSERT NUMBER] ISSUED ON [INSERT DATE].

FUNDS PAID PURSUANT TO THE PROVISIONS OF THE LETTER OF CREDIT SHALL BE WIRE TRANSFERRED TO THE BENEFICIARY IN ACCORDANCE WITH THE FOLLOWING INSTRUCTIONS:

[INSERT WIRING INSTRUCTION]

---

AUTHORIZED SIGNATURE  
[INSERT BENEFICIARY NAME]

NAME: [PRINT NAME]

TITLE: [PRINT TITLE]

Advice 5746-E-A  
April 9, 2020

## **Attachment B**

**2021 DRAM Purchase Agreement  
(redline version compared to Advice 4615-E-A et al)**

**2021 DRAM RFO PRO FORMA**

**DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE  
AGREEMENT**

*between*

**[NAME OF SELLER]**

*and*

**SOUTHERN CALIFORNIA EDISON COMPANY**

**DEMAND RESPONSE AUCTION MECHANISM RESOURCE PURCHASE AGREEMENT  
BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT  
BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT  
BETWEEN  
*[SELLER]* AND SOUTHERN CALIFORNIA EDISON COMPANY**

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**DEMAND RESPONSE RESOURCE PURCHASE AGREEMENT**  
**BY AND BETWEEN**  
**[NAME OF SELLER]**  
**AND**  
**SOUTHERN CALIFORNIA EDISON COMPANY**

**PREAMBLE**

This Demand Response Resource Purchase Agreement, together with its exhibits (the “Agreement”) is entered into by and between **SOUTHERN CALIFORNIA EDISON COMPANY**, a California corporation (“Buyer”), and **[Aggregator or Demand Response Provider]**, a **[Seller's business registration]** (“Seller”), as of the latest signature date hereof (“Execution Date”). Buyer and Seller are referred to herein individually as a “Party” and collectively as “Parties.” Unless the context otherwise specifies or requires, capitalized terms in this Agreement have the meanings set forth in Exhibit A.

**AGREEMENT**

In consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

**ARTICLE 1. TRANSACTION**

**1.1. Purchase and Sale of the Product**

(a) During the Delivery Period, Seller shall sell and deliver, and Buyer shall purchase and receive, the Product as indicated in Table 1.1(b) in the amount of the Monthly Contracted Quantity, as indicated in Exhibit B, subject to and in accordance with the terms and conditions of this Agreement. The Product shall be a Proxy Demand Resource (PDR).

(b) The Product is:

**Table 1.1(b)**

Product Selected	Type of Product	Local Capacity Area (as applicable)
<input type="checkbox"/>	Product A: System Capacity	Not applicable

<b>Product Selected</b>	<b>Type of Product</b>	<b>Local Capacity Area (as applicable)</b>
<input type="checkbox"/>	Product B-1: Local Capacity with System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product B-2: Local Capacity with System Capacity	Big Creek/Ventura LCA Substations
<input type="checkbox"/>	Product C1: Flexible Capacity (Flexible Category 1) with System Capacity	Not applicable
<input type="checkbox"/>	Product C2: Flexible Capacity (Flexible Category 2) with System Capacity	Not applicable
<input type="checkbox"/>	Product C3: Flexible Capacity (Flexible Category 3) with System Capacity	Not applicable
<input type="checkbox"/>	Product D1-1: Flexible Capacity (Flexible Category 1) with Local and System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product D1-2: Flexible Capacity (Flexible Category 1) with Local and System Capacity	Big Creek/Ventura LCA Substations
<input type="checkbox"/>	Product D2-1: Flexible Capacity (Flexible Category 2) with Local and System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product D2-2: Flexible Capacity (Flexible Category 2) with Local and System Capacity	Big Creek/Ventura LCA Substations

Product Selected	Type of Product	Local Capacity Area (as applicable)
<input type="checkbox"/>	Product D3-1: Flexible Capacity (Flexible Category 3) with Local and System Capacity	LA Basin LCA Substations
<input type="checkbox"/>	Product D3-2: Flexible Capacity (Flexible Category 3) with Local and System Capacity	Big Creek/Ventura LCA Substations

(c) Seller to indicate whether the Product is:

- a Residential Customer Product; or
- not a Residential Customer Product

*{SCE Comment: Seller to choose only one option which applies to all Product for this Agreement}*

(d) If Seller has chosen to deliver Product that is not Residential Customer Product, its DRAM Resource may nevertheless include Residential Customers and Small Commercial Customers.

## 1.2. Term

The “Term” of this Agreement shall commence upon the Execution Date and shall continue until the expiration of the Delivery Period, subject to the survival provisions of Section 9.6.

## 1.3. Delivery Period

The “Delivery Period” shall commence on the later of (a) the first day of the first month that begins after seventy-five (75) calendar days following CPUC Approval, and (b) *[Date]*, and shall continue in full force and effect until *[Date] {SCE Comment: The Date should be the last calendar day of the last Showing Month}*, unless terminated earlier in accordance with the terms and conditions of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Delivery Period will not commence until CPUC Approval is obtained or waived by Buyer in its sole discretion.

*{SCE Comment: Dates will be based on Seller's bid that was selected by SCE in the RFO. Currently that would be no earlier than January 2021 and no later than December 2021.}*

#### **1.4. Seller's Designation of the DRAM Resource**

- (a) On or before the date that is seventy-five (75) calendar days prior to the first Showing Month, and on a monthly basis thereafter no less than seventy-five (75) calendar days prior to the applicable Showing Month if any of the information below changes, Seller shall:
  - (i) Provide to Buyer the Resource ID(s) for each PDR providing the Product pursuant to this Agreement.
  - (ii) Confirm in writing to Buyer that each PDR identified by Seller pursuant to Section 1.4(a)(i) is comprised solely of Bundled Service Customers, comprised solely of Unbundled Service Customers, or comprised of a mixture of Bundled and Unbundled Service Customers.
  - (iii) If the Product pursuant to this Agreement is a Joint Resource, Seller shall confirm in writing to Buyer (x) the amount of the capacity of such Joint Resource that will be used to show Demonstrated Capacity under this Agreement and (y) the total capacity of such Joint Resource.
- (b) Sellers shall sell and deliver System Capacity, Local Capacity, and/or Flexible Capacity from PDRs, as designated in Section 1.1(b).
- (c) The Parties shall cooperate to implement the requirements of Rule 24 to enroll Resource Customers in order for Seller to designate the PDR(s) pursuant Section 1.4(a)(i).

#### **1.5. Monthly Contracted Quantity and Corresponding Contract Price**

- (a) The Monthly Contracted Quantity and Contract Price for the type of Product indicated in Table 1.1(b) for each applicable Showing Month during the Delivery Period is set forth in Exhibit B.
- (b) In the event that Seller is not able to register the DRAM Resource for part or all of a Monthly Contracted Quantity for a Showing Month due solely to (i) the actions or inactions of Buyer or the CAISO, or (ii) insufficient Rule 24 registrations under D.16-06-008 Ordering Paragraph 6, then Seller may, in its sole discretion, by providing Notice to Buyer on or before the date that is sixty (60) calendar days prior to the Showing Month for which Seller is unable to register the DRAM Resource, reduce the Monthly Contracted Quantity for the unregistered capacity by type of Product for such Showing Month; *provided*, Seller shall demonstrate to Buyer's reasonable satisfaction that Seller made commercially reasonable efforts to register the DRAM Resource corresponding to such reduced Monthly Contracted Quantity for the unregistered capacity by type of Product in the applicable Showing Month.
- (c) In the event that material changes to definition of Resource Adequacy, including but not limited to changes in the Resource Adequacy Availability Assessment

Hours, are adopted during the Term of this Agreement, then Seller may, in its sole discretion, by providing Notice to Buyer on or before August 31, 2020, either (i) reduce the Monthly Contracted Quantity for the following year or (ii) terminate this Agreement.

- (d) Seller's exercise of its rights under Sections 1.5(b) or (c) will not be deemed to be a failure of Seller's obligation to sell or deliver the Product or a failure of Buyer's obligation to purchase or receive the Product, and will not be or cause an Event of Default by either Party. Neither Party shall have any further obligation or liability to the other and no Settlement Amount with respect to this Agreement will be due or owing by either Party upon termination of this Agreement due solely to Seller's exercise of its rights under Section 1.5(c).

## **1.6. Demonstrated Capacity**

- (a) Each invoice submitted by Seller to Buyer pursuant to Section 4.2 shall include a statement, in a form substantially similar to Exhibit C, of the amount of the Qualifying Capacity for each type of Product for such Showing Month that Seller was capable of delivering ("Demonstrated Capacity"), utilizing the results from one of the following methods, as provided below (subject to the additional restrictions set forth in Section 1.6(b)):
- (i) The results of a DC Dispatch of the applicable PDR in the DRAM Resource during such Showing Month. The Demonstrated Capacity for System and Local Capacity will equal the maximum hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline; provided that, for the Showing Month of August, the Demonstrated Capacity for System and Local Capacity will equal the average hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline. The Demonstrated Capacity for Flexible Capacity will equal the average hourly load reduction of such DC Dispatch as calculated using the Capacity Baseline. If the CAISO issues a dispatch instruction for less than one hundred percent (100%) of the Qualifying Capacity of the applicable PDR in the DRAM Resource (a "Partial DC Dispatch"), then Seller may elect to submit the results of such Partial DC Dispatch during such Showing Month for its Demonstrated Capacity showing. Upon such election, the load reduction resulting from such Partial DC Dispatch shall be compared to the Qualifying Capacity of the entire PDR for purposes of deriving the DC-QC Ratio of the DRAM Resource in accordance with Section 4.1.
- (ii) The results of a DC Test in the event that (A) there is no DC Dispatch of the PDR in the DRAM Resource for one hundred percent (100%) of the Qualifying Capacity of the applicable Showing Month, and (B) Seller does not submit the results of a Partial DC Dispatch during the Showing Month as contemplated under 1.6(a)(i) above. The Demonstrated Capacity for System and Local Capacity will equal the maximum hourly load reduction during any hour of such DC Test as calculated using the Capacity

Baseline; provided that, for the Showing Month of August the Demonstrated Capacity for System and Local Capacity will equal the average hourly load reduction during any two (2) consecutive hours as calculated using the Capacity Baseline. The Demonstrated Capacity for Flexible Capacity will equal the average hourly load reduction during any hour of such DC Test as calculated using the Capacity Baseline; provided that, for the Showing Month of August the Demonstrated Capacity for Flexible Capacity will equal the average hourly load reduction during any two (2) consecutive hours as calculated using the Capacity Baseline.

- (iii) In the event that (A) there is no DC Dispatch of the PDR in the DRAM Resource during the Showing Month for one hundred percent (100%) of the Qualifying Capacity of the applicable Showing Month, (B) Seller does not submit the results of a Partial DC Dispatch as contemplated under 1.6(a)(i) above, and (C) there is no DC Test of the PDR in the DRAM Resource during the Showing Month as contemplated under 1.6(a)(ii) above, the Demonstrated Capacity will equal the average amount of capacity for such PDR in the DRAM Resource that the Seller bid into the applicable CAISO Markets solely during the Availability Assessment Hours of the Showing Month in compliance with the CAISO MOO.
- (b) Seller's use of the methods described in Sections 1.6(a)(i)-(iii) is subject to the following additional restrictions:
  - (i) Demonstrated Capacity for each PDR in the DRAM Resource must be calculated under Section 1.6(a)(i) or 1.6(a)(ii) for the August Showing Month of each year and for at least fifty percent (50%) of all contracted Showing Months during the Delivery Period (rounded downward if the Delivery Period is an odd number of Showing Months). For example, if the Delivery Period consists of seven (7) Showing Months, then a DC Test or DC Dispatch shall be required for at least three (3) of such Showing Months, including the Showing Month of August.
  - (ii) Demonstrated Capacity for any PDR in the DRAM Resource shall not be calculated under Section 1.6(a)(iii) for more than five (5) consecutive Showing Months during the Delivery Period (prorated, if the Delivery Period is less than twelve (12) Showing Months, to a number equal to half of the Showing Months in the Delivery Period minus one: e.g., two consecutive Showing Months for a six-month Delivery Period).
  - (iii) Demonstrated Capacity for each PDR in the DRAM Resource shall be calculated under Section 1.6(a)(i) or 1.6(a)(ii) for any Showing Month for which a QC De-Rate Notice was issued without a corresponding agreed reduction in Supply Plan quantities, as further provided in Section 3.1(b).
- (c) The same Capacity Baseline must be used (i) to estimate Qualifying Capacity for Seller's month-ahead submissions pursuant to Section 3.1(a) for a Showing

Month; (ii) to calculate Demonstrated Capacity for the applicable Showing Month; and (iii) for energy settlement at the CAISO for the applicable Showing Month.

- (d) Solely for purposes of establishing the Demonstrated Capacity pursuant to Section 1.6(a), Seller shall use data available through Buyer's Customer Data Access Systems that has been designated by Buyer as final Revenue Quality Meter Data and such data shall be considered final by the Parties as of the date Seller submits its invoice for the applicable Showing Month to Buyer.
- (e) If Seller has not received all Revenue Quality Meter Data for any Resource ID within fifteen (15) calendar days after the end of any Showing Month, Seller shall provide Notice to Buyer of the Resource IDs (and customer service accounts with missing Revenue Quality Meter Data within each such Resource ID), and the dispatch days and hours during such Showing Month, for which Revenue Quality Meter Data has not been received. Seller and Buyer shall comply with the communication protocols set forth in Exhibit D with respect to data issues.
- (f) If the DRAM Resource is composed of more than one PDR, then:
  - (i) Seller may establish the portion of the Demonstrated Capacity for each such PDR by using the methods described in Sections 1.6(a)(i) through (iii), in which case the Demonstrated Capacity will equal the sum of the individual PDRs' Demonstrated Capacities.
  - (ii) The Showing Months in which DC Dispatches or DC Tests are conducted may be different for each such PDR except for the Showing Month of August, in which a DC Dispatch or DC Test is required for every PDR in the DRAM Resource pursuant to Section 1.6(b)(i).
  - (iii) In the event that multiple Resource IDs are dispatched concurrently in a Showing Month, Seller may aggregate the performance of the concurrently dispatched Resource IDs for the purpose of Demonstrated Capacity invoicing and compare the sum of such aggregated performance against the sum of the Qualifying Capacity of those Resource IDs as listed on the applicable Supply Plan. For Local Capacity products, the aggregation of concurrently dispatched Resource IDs shall be limited to resources within the same SubLAP.
- (g) With respect to any DRAM Resource Customer service account that was moved in a Showing Month pursuant to Section 3.4(d), Seller shall include the performance of such DRAM Resource Customer service account only in one PDR for purposes of the calculation of Demonstrated Capacity for such Showing Month.
- (h) If any respective PDR in the DRAM Resource is a Joint Resource, Seller's invoice shall indicate (i) the amount of the capacity of such Joint Resource used to show

Demonstrated Capacity for a specific type of Product for such Showing Month and (ii) the total capacity of such Joint Resource during such Showing Month.

- (i) If the type of Product Seller delivers under this Agreement is a Residential Customer Product, Seller's invoice shall indicate the number of Residential Customer SAID agreements and the number of Small Commercial SAID accounts in each PDR for such type of Product.
- (j) In addition to the requirements in Section 1.6(a), if Seller is electing Demonstrated Capacity for Local Capacity, then, as part of Seller's Demonstrated Capacity for Local Capacity, Seller's invoice shall indicate the number of SAID agreements in the applicable LCA that are associated with the Local Capacity as indicated in Table 1.1(b) and Exhibit C.
- (k) If Buyer is unable to validate, or disputes, any amount shown in Seller's invoice and Notice of Demonstrated Capacity, then Buyer shall issue a Notice to that effect to Seller in accordance with Section 1.6(k)(i) below. Pursuant to Section 1.6(k)(ii), Seller shall be required to provide additional documentation from Seller or Seller's SC in the form or format requested by Buyer that establishes to Buyer's reasonable satisfaction that the Demonstrated Capacity of each Product type from a PDR or Joint Resource is as stated by Seller in its invoice for the applicable Showing Month.
  - (i) Buyer shall issue such Notice on or before the later of: (A) the twentieth (20th) calendar day of the month and (B) the tenth (10th) calendar day after receipt of Seller's invoice and Demonstrated Capacity; provided that, if such day is not a Business Day, then on the next Business Day.
  - (ii) No later than ten (10) Business Days after receipt of Buyer's Notice, Seller shall provide the additional documentation to Buyer. If Seller fails to provide the additional documentation within such ten (10) Business Day deadline, then Buyer shall either (A) pay the subject invoice or (B) initiate an audit of Seller's or Seller's SC records by issuing a Notice ("Audit Notice") to Seller, in each case no later than fifteen (15) Business Days after the expiration of such ten (10) Business Day deadline.
  - (iii) No later than fifteen (15) Business Days after receiving the additional documentation from Seller, Buyer shall either: (A) pay the subject invoice or (B) initiate an audit of Seller or Seller's SC records by issuing an Audit Notice to Seller if the additional documentation is unsatisfactory to Buyer in its reasonable discretion.
- (l) With respect to an Audit Notice issued under Section 1.6(k)(ii) or (iii), no later than five (5) Business Days after Seller's receipt of an Audit Notice, Seller shall allow, or cause its SC to allow, Buyer or its designated independent third-party auditor to have access to the records and data, which must be in the form or format requested by Buyer under Section 1.6(k) above, necessary to conduct such

audit; *provided*, such audit will be limited solely to verification of the data upon which Seller based its claim of the amount of the Demonstrated Capacity. If the type of Product designated in Section 1.1(b) is a Residential Customer Product, then, in addition to the documentation specified above, Buyer may, in its Audit Notice, require Seller or Seller's SC to provide additional documentation in the form or format requested by Buyer, that establishes to Buyer's reasonable satisfaction that the type of Product is Residential Customer Product as stated by Seller in its invoice for the applicable Showing Month. Buyer's costs, including the costs for any third-party auditor, incurred in connection with conducting such audit are the sole responsibility of Buyer. Buyer shall make a reasonable effort to conclude its audit within sixty (60) calendar days after receiving all records and data that Buyer deems necessary to complete or resolve the disputed invoice. If the audit does not result in the resolution of the disputed invoice, then either Party may initiate the Dispute Resolution process pursuant to Article 10.

## 1.7. Minimum Energy Dispatch Requirements

- (a) Seller shall comply with the energy dispatch requirements set forth on Exhibit E, "Minimum Energy Dispatch Requirements".
- (b) Concurrently with the submission of its final invoice under this Agreement pursuant to Section 4.2(a), (or earlier, if Seller has received sufficient Revenue Quality Meter Data), Seller shall submit to Buyer documentation showing CAISO settlements for the delivery of the Required Energy Quantity, as calculated in accordance with Exhibit E and Section 1.7(c) below. Seller may omit price and revenue data from the documentation submitted under this Section 1.7(b).
- (c) If Seller fails to meet any of the requirements of Sections 1.7(a) and (b) above, Seller shall pay to Buyer an "Undelivered Energy Penalty" equal to:

$$\$10,000/\text{MW} \times \text{AQC} \times (1 - \text{DEQ}/\text{REQ})$$

Where:

AQC = the average Qualifying Capacity (in MW) for each of the three highest Showing Months on the month-ahead Supply Plans delivered hereunder

DEQ = the cumulative energy delivered energy quantity (in MWh) by the applicable aggregate resources during the contracted Showing Month with highest energy deliveries Months and during the Availability Assessment Hours

REQ =  $30 \text{ MWh} \times \text{AQC}$

- (d) The Undelivered Energy Penalty may be netted by Buyer against amounts that would otherwise be due to Seller under this Agreement. Seller's payment of the

Undelivered Energy Penalty shall be secured by the Performance Assurance as specified in Article 5.

## **ARTICLE 2. CPUC APPROVAL**

### **2.1. Obtaining CPUC Approval**

Within thirty (30) calendar days after the Execution Date, Buyer shall file with the Commission the appropriate request for CPUC Approval. Seller shall use commercially reasonable efforts to support Buyer in preparing for and obtaining CPUC Approval. Buyer has no obligation to seek rehearing or to appeal a Commission decision which fails to approve this Agreement or which contains findings required for CPUC Approval with conditions or modifications unacceptable to either Party.

### **2.2. CPUC Approval Termination Right**

- (a) Either Party has the right to terminate this Agreement upon Notice, which will be effective five (5) Business Days after such Notice is given, if (i) CPUC Approval has not been obtained or waived by Buyer in its sole discretion within sixty (60) calendar days after Buyer files its request for CPUC Approval and (ii) such Notice of termination is given on or before the ninetieth (90th) day after Buyer files the request for CPUC Approval.
- (b) Failure to obtain CPUC Approval in accordance with this Article 2 will not be deemed to be a failure of Seller to sell or deliver the Product or a failure of Buyer to purchase or receive the Product, and will not be or cause an Event of Default by either Party. No Settlement Amount with respect to this Agreement will be due or owing by either Party, and neither Party shall have any obligation or liability to the other, upon termination of this Agreement due solely to failure to obtain CPUC Approval.

## **ARTICLE 3. SELLER OBLIGATIONS**

### **3.1. Delivery of Product**

- (a) No later than the deadlines set forth in subsections (i) and (ii) below, Seller shall submit, or cause Seller's SC(s) to submit:
  - (i) No later than ten (10) Business Days prior to Buyer's Compliance Showing deadlines each year or Showing Month (as applicable), Notice to Buyer which shall include Seller's Supply Plan for such year or Showing Month (as applicable) in (A) a form substantially similar to Exhibit F, or (B) a form as communicated in writing by Buyer to Seller no later than fifteen (15) Business Days prior to Buyer's Compliance Showing deadlines for such year or Showing Month (as applicable). Such Supply Plan shall include the Qualifying Capacity for each PDR identified by Seller pursuant to Section 1.4(a)(i), the sum of which shall not exceed the Monthly Contracted Quantity.

(ii) No later than ten (10) Business Days prior to the deadline for Seller's Supply Plan submission in subsection (i) immediately above, the additional information required by the implementation guidelines set forth in D.19-07-009, Appendix A, attached hereto as Exhibit G (the "QC Implementation Guidelines"), including the Qualifying Capacity for each PDR identified by Seller pursuant to Section 1.4(a)(i), presented in the standardized reporting format developed by the CPUC pursuant to Ordering Paragraph 8 of D.19-07-009.~~(b)~~ If Buyer may has any questions or concerns about the information provided by Seller pursuant to this Section 3.1(a)(ii), Buyer shall, to the extent reasonably practicable, request clarification from Seller) and take into consideration any clarification or additional information timely provided by Seller.

- (b) No later than eight (8) Business Days prior to Buyer's Compliance Showing deadlines each year or Showing Month (as applicable), Buyer shall issue a Notice to Seller in the event Buyer intends to include in Buyer's applicable compliance filings any amount less than the quantities in Seller's Supply Plan submitted to Buyer ("QC De-Rate Notice"). The QC De-Rate Notice will include the amount of the de-rate to such quantities and will identify the shortcomings or deficiencies in the information provided by Seller pursuant to Section 3.1(a)(ii). If Buyer issues a QC De-Rate Notice, then Seller shall provide Notice to Buyer, no later than ~~ten five~~ (105) Business Days after receipt of such QC De-Rate Notice, that Seller will either:
- (i) reduce the quantities in its Supply Plan for the applicable Showing Month to conform to the quantities shown in the QC De-Rate Notice (or such other amount as may be agreed in writing by Buyer and Seller); or
  - (ii) perform a DC Dispatch or DC Test during the applicable Showing Month.

In all cases, if the Parties do not agree upon the reduction in Seller's Supply Plan quantities under subsection 3.1(b)(i) above, then a DC Dispatch or DC Test shall be required for each and every Showing Month for which Buyer has issued a QC De-Rate Notice.

- (c) Seller shall, on a timely basis, submit, or cause its SC to submit, a Supply Plan to CAISO in accordance with the CAISO Tariff. The quantities in the Supply Plan that is submitted to the Buyer under Section 3.1(a)(i) shall exactly match what is submitted by the Seller or its SC to the CAISO due on the earliest monthly applicable Buyer's Compliance Showing deadlines with CAISO and CPUC.

### **3.2. Resource Adequacy Benefits**

Seller grants, pledges, assigns, and otherwise commits to Buyer the Qualifying Capacity for each PDR specified in the Supply Plan and all Resource Adequacy Benefits of the Product as associated with the DRAM Resource to enable Buyer to meet its RAR, Local RAR and/or Flexible RAR, as applicable. The Parties shall take all commercially

reasonable actions, and execute all documents or instruments necessary, to effect the use of the Product for Buyer's sole benefit.

### **3.3. Provision of Information**

- (a) Within a reasonable period of time, or such time prescribed by the CPUC, Seller shall provide to the CPUC (i) all periodic reports required by the CPUC and (ii) all other information requested by the CPUC relating to Seller's obligations and performance pursuant to this Agreement and the DRAM to which this Agreement relates. In responding to any information request from the CPUC, the Seller may designate information for confidential treatment consistent with CAISO and/or Commission rule, tariff or decision. Any such confidential information provided by Seller to the CPUC shall be held in confidence by the CPUC and excluded from public inspection or disclosure, unless inspection or disclosure is otherwise required by Applicable Laws.
- (b) Seller shall achieve, or shall cause its designated SC to achieve, each Milestone set forth in Exhibit H (each, a 'Milestone') on or before the applicable deadline for achievement. Seller shall provide to Buyer:
  - (i) No later than the tenth (10<sup>th</sup>) calendar day of each month before the commencement of the Delivery Period, or within five (5) days after Buyer's request, a progress report in the form developed by the Commission's Energy Division pursuant to D.19-12-040, OP 28, as the same may be modified from time to time (or, if such form has not yet been finalized, substantially in the form set forth in Exhibit H) ('Progress Report'), describing Seller's progress, including projected time to completion of remaining Milestones.
  - (ii) On or before the applicable deadline to achieve each Milestone, documentation evidencing that the Milestone has been achieved.
  - (iii) Within five (5) Business Days after Buyer's request, any additional evidence reasonably requested by Buyer that the Milestone has been achieved.

### **3.4. Seller's Obligations**

- (a) Seller shall, and shall cause each of the PDRs in the DRAM Resource and corresponding DRPs and SCs to, comply with all applicable CAISO Tariff provisions, CPUC Decisions and all other Applicable Laws, including the Bidding of the DRAM Resource into the applicable CAISO Markets during the Availability Assessment Hours as required by the CAISO Tariff.
- (b) Seller shall or shall cause Seller's DRP to execute Buyer's Demand Response Provider Service Agreement in accordance with Rule 24.

- (c) Seller shall not include any Customer premises or resource in a PDR in the DRAM Resource that is concurrently enrolled in or otherwise concurrently committed to any other demand response program offered, maintained, or funded by Buyer (e.g., without limitation, behind-the-meter storage products in the Energy Storage RFO), or that is registered with CAISO as a part of any other demand response resource or Distributed Energy Resource Aggregation, other than as provided under this Agreement.
- (d) Seller shall not change or modify the customer composition of the DRAM Resource, including without limitation moving a DRAM Resource Customer service account in or out of any PDR of the DRAM Resource, during any Showing Month except under the following circumstances:
  - (i) Seller may add a newly recruited service account to a PDR in the DRAM Resource if that service account is not part of a PDR that is already included in a Supply Plan submitted by Seller to Buyer or any other LSE for the same Showing Month.
  - (ii) Seller may remove a service account from a PDR in the DRAM Resource.
  - (iii) If as a result of the changes in Sections 3.4(d)(i) and 3.4(d)(ii) a PDR in the DRAM Resource becomes large enough to trigger the CAISO's above 10 MW telemetry requirement, Seller may split the affected PDR into two or more smaller resources as necessary to comply with CAISO requirements.
  - (iv) If as a result of the changes in Sections 3.4(d)(i) and 3.4(d)(ii) a PDR in the DRAM Resource becomes small enough to drop below the 100 kW minimum PDR size requirement, Seller may combine the affected PDR with other resources as necessary to comply with CAISO requirements.
  - (v) If a service account has moved to a new LSE (e.g., to or from a community choice aggregator), and if the CAISO Tariff requires PDRs to consist of service accounts that are customers of the same LSE, then Seller may add or remove the affected service accounts as necessary to comply with CAISO requirements.

### **3.5. Indemnities for Failure to Perform.**

Seller agrees to indemnify, defend and hold harmless Buyer from any costs, penalties, fines or charges assessed against Buyer by the CPUC, CAISO, FERC, or any other Governmental Body with jurisdiction over Buyer, resulting from Seller's failure to do, or cause to be done, any of the following:

- (a) Provide all of the Monthly Contracted Quantity in any Showing Month, except to the extent (i) such failure is solely the result of a failure by Buyer to perform any of its obligations pursuant to Section 6.2, or (ii) Seller reduces the Monthly Contracted Quantity in accordance with Section 1.5(b) or (c);

- (b) Submit timely and accurate Supply Plans that identify Buyer's right to the Monthly Contracted Quantity for each Showing Month;
- (c) Comply with the requirements in Section 3.2 to enable Buyer to meet its RAR;
- (d) Meet CPUC Resource Adequacy requirements per the CPUC RA Filing Guide; or
- (e) Comply with the CAISO Tariff.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize any such costs, penalties, fines and charges; *provided*, in no event will Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these costs, penalties, fines and charges. If Seller fails to pay the foregoing penalties, fines, charges, or costs, or fails to reimburse Buyer for those penalties, fines, charges, or costs, then Buyer may offset those penalties, fines, charges or costs against any amounts it may owe to Seller under this Agreement.

Notwithstanding Seller's obligations in Section 3.5(a), Seller is not required to indemnify or reimburse Buyer for any costs allocated to Buyer by the CAISO for any capacity procured by CAISO pursuant to the Capacity Procurement Mechanism with respect to any Shortfall Capacity.

## **ARTICLE 4. PAYMENT AND BILLING**

### **4.1. Delivered Capacity Payment**

Buyer shall make a monthly payment to Seller, after the applicable Showing Month, ("Delivered Capacity Payment") equal to the product of (A x B x C).

$$\text{Delivered Capacity Payment} = [A \times B \times C]$$

Where:

A = The Contract Price for the applicable Showing Month, including SC costs.

B = The value from the chart below corresponding to the applicable ratio of Demonstrated Capacity (which shall be a total sum of the individual PDRs in the DRAM Resource) as a percentage of the Qualifying Capacity (which shall be a total sum of the individual PDRs in the DRAM Resource) ("DC-QC Ratio"):

Delivered Capacity (DC) Payment Values		
Band	DC- QC Ratio	Value for B
Tolerance	> 90.00%	Qualifying Capacity (kW)

Pro-rated	> 70.00% to 90.00%	Demonstrated Capacity (kW)
De-rated	50.00% to 70.00%	Demonstrated Capacity (kW) * 75%
Forfeiture	< 50.00%	0

C = 1.0 if Seller has chosen (i) not to deliver Residential Customer Product in Section 1.1(c) or (ii) to deliver Residential Customer Product in Section 1.1(c) and the Product delivered meets the definition of Residential Customer Product, or 0.90 if the Product delivered does not meet the definition of Residential Customer Product.

#### 4.2. Invoice and Payment Process

- (a) Within thirty (30) calendar days after Seller has received Revenue Quality Meter Data for at least ninety-five percent (95%) of all intervals required for settlement of the DRAM Resource for the applicable Showing Month, Seller will render to Buyer an invoice for the Demonstrated Capacity and associated payment amount due, if any, with respect to such Showing Month. Seller's failure to render any invoice on or before the deadline set forth herein shall be deemed to be a submission by the Seller of a DC Dispatch-based invoice with Demonstrated Capacity at an amount below fifty percent (50%) of the Qualifying Capacity for the applicable Showing Month (i.e., within the "forfeiture" payment band in the chart in Section 4.1).
- (b) Buyer will pay Seller all undisputed invoice amounts on or before the later of (i) the twentieth (20th) day of each month (or, if such day is not a Business Day, then on the next Business Day), or (ii) the tenth (10th) Business Day after receipt of Seller's invoice and Demonstrated Capacity.
- (c) Each Party will make payments by electronic funds transfer, or by other mutually agreeable method(s), to the account designated by the other Party. Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Cash Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.
- (d) Buyer may offset against any future payments by any amount(s) that were previously overpaid.
- (e) Either Party may, in good faith, dispute the correctness of any invoice, bill, charge, or any adjustment to an invoice, rendered under this Agreement, or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, bill, charge, or adjustment to an invoice, was rendered.

Disputes are subject to the provisions of Article 10 below. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due, with Notice of the objection given to the other Party. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within ten (10) Business Days of such resolution.

- (f) Buyer may deduct any amounts that would otherwise be due to Seller under this Agreement from any amounts owing and unpaid by Seller to Buyer under this Agreement.
- (g) With respect to any Joint Resource, if Seller and any third party both submit claims to Buyer for payment with respect to such Joint Resource which, when added together, exceed the total capacity of the Joint Resource, Buyer shall not be obligated to make payment to Seller in respect of such Joint Resource until Seller reconciles the error with such third party and Seller re-submits the corrected invoice to Buyer.
- (h) With respect to a Joint Resource, if such Joint Resource's Demonstrated Capacity for a particular type of Product in any Showing Month is less than such Joint Resource's QC for such type of Product (as set forth in Exhibit C), Seller shall have the right to demonstrate to Buyer the Joint Resource's actual performance, and shall be compensated in accordance with Section 1.6. In the event Buyer finds Seller's demonstration inconclusive, the Joint Resource's total capacity shall be allocated pro-rata among the parties with rights to a portion of such Joint Resource's type of Product based on the information required to be provided in Section 1.6(h), and Seller's compensation shall be calculated using its percentage allocation of such PDR's capacity, accordingly.

#### **4.3. Allocation of Other CAISO Payments and Costs**

As between Buyer and Seller, Seller shall retain any revenues Seller or Seller's SC may receive from and pay all costs, penalties, charges charged to Seller or Seller's SC by the CAISO or any other third party in connection with the DRAM Resource, except as expressly provided otherwise in this Agreement.

### **ARTICLE 5. CREDIT AND COLLATERAL**

#### **5.1. Seller's Credit and Collateral Requirements**

- (a) If, at any time during the Term Seller does not have a Credit Rating, or if its Credit Rating is below BBB- from S&P or Baa3 from Moody's, if rated by both S&P and Moody's or below BBB- from S&P or Baa3 from Moody's, if rated by either S&P or Moody's, but not both, Seller shall provide and maintain collateral with Buyer in an amount equal to the sum of the following: (i) twenty percent

(20%) of the sum of the estimated Delivered Capacity Payments for all of the remaining months of the Delivery Period including the current month, with such estimated Delivered Capacity Payments being based on the applicable Monthly Quantity values times the applicable Contract Price, plus (ii) twenty percent (20%) of the estimated Undelivered Energy Penalty based on the associated Monthly Contracted Quantity (collectively, ‘Performance Assurance’).

- (b) If Seller’s Credit Rating is at or above BBB- from S&P and Baa3 from Moody’s, if rated by both S&P and Moody’s, or at or above BBB- from S&P or Baa3 from Moody’s, if rated by either S&P or Moody’s, but not both, Seller shall have no obligation to provide Performance Assurance to Buyer, and Sections 5.2 through 5.5 will not be applicable.
- (c) If required pursuant to Section 5.1(a) as of the Execution Date, Seller shall post the Performance Assurance with Buyer within ten (10) Business Days of the Execution Date. If required pursuant to Section 5.1(a) at any other time during the Term, Seller shall post the Performance Assurance with Buyer within five (5) Business Days of the date of the event that triggered Seller’s posting requirement under Section 5.1(a).

## 5.2. Grant of Security Interest/Remedies

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

### **5.3. Reduction and Substitution of Performance Assurance**

- (a) If the amount of Performance Assurance held by Buyer exceeds the amount required pursuant to Section 5.1, on any Business Day, Seller may give Notice to Buyer requesting a reduction in the amount of Performance Assurance previously provided by Seller for the benefit of Buyer, provided that, (i) after giving effect to the requested reduction in Performance Assurance, no Event of Default or Potential Event of Default with respect to Seller has occurred and is continuing, (ii) no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, and (iii) no amounts are owing and unpaid from Seller to Buyer hereunder, including without limitation any Undelivered Energy Penalty. A permitted reduction in Performance Assurance may be effected by the Transfer of Cash to Seller or the reduction of the amount of an outstanding Letter of Credit previously issued for the benefit of Buyer. ~~Seller~~Buyer shall ~~have the right to specify the means of effecting the effect any permitted~~ reduction in Performance Assurance in accordance with the form of the Performance Assurance that has been provided. In all cases, the cost and expense of reducing Performance Assurance (including, but not limited to, the reasonable costs, expenses, and attorneys' fees of Buyer) shall be borne by Seller. Unless otherwise agreed in writing by the Parties, if Seller's reduction demand is made on or before the Notification Time on a Business Day, then Buyer shall have five (5) Business Days to effect a permitted reduction in Performance Assurance, and if Seller's reduction demand is made after the Notification Time on a Business Day, then Buyer shall have six (6) Business Days to effect a permitted reduction in Performance Assurance, in each case, if such reduction is to be effected by the return of Cash to Seller. If a permitted reduction in Performance Assurance is to be effected by a reduction in the amount of an outstanding Letter of Credit previously issued for the benefit of Buyer, Buyer shall promptly take such action as is reasonably necessary to effectuate such reduction.
- (b) Except when an Event of Default or Potential Event of Default with respect to Seller shall have occurred and be continuing or an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, Seller may substitute Performance Assurance for other existing Performance Assurance of equal value upon five (5) Business Days' Notice (provided such Notice is made on or before the Notification Time, otherwise the notification period shall be six (6) Business Days) to Buyer. Upon the Transfer to Buyer of the substitute Performance Assurance, Buyer shall Transfer the relevant replaced Performance Assurance to Seller within five (5) Business Days. Notwithstanding anything herein to the contrary, no such substitution shall be permitted unless (i) the substitute Performance Assurance is Transferred simultaneously or has been Transferred to Buyer prior to the release of the Performance Assurance to be returned to Seller and the security interest in, and general first lien upon, such substituted Performance Assurance granted hereto in favor of Buyer shall have been perfected as required by applicable law and shall constitute a first

priority perfected security interest therein and general first lien thereon, and (ii) after giving effect to such substitution, the substitute Performance Assurance shall equal the amount of Performance Assurance being replaced. Each substitution of Performance Assurance shall constitute a representation and warranty by Seller that the substituted Performance Assurance shall be subject to and governed by the terms and conditions of this Article 5, including without limitation the security interest in, general first lien on and right of offset against, such substituted Performance Assurance granted pursuant hereto in favor of Buyer pursuant to this Article 5.

- (c) The Transfer of any Performance Assurance by Buyer in accordance with this Section 5.3 shall be deemed a release by Buyer of its security interest, general first lien and right of offset granted pursuant to this Article 5 hereof only with respect to such returned Performance Assurance. In connection with each Transfer of any Performance Assurance pursuant to this Article 5, Seller will, upon request of Buyer, execute a receipt showing the Performance Assurance Transferred to it.

#### **5.4. Administration of Performance Assurance**

- (a) Cash. Performance Assurance provided in the form of Cash to Buyer shall be subject to the following provisions:
- (i) Notwithstanding the provisions of applicable law, if no Event of Default has occurred and is continuing with respect to Buyer and no Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Buyer for which there exist any unsatisfied payment obligations, then Buyer shall have the right to sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise use in its business any Cash that it holds as Performance Assurance hereunder, free from any claim or right of any nature whatsoever of Seller, including any equity or right of redemption by Seller.
- (ii) So long as no Event of Default or Potential Event of Default with respect to Seller has occurred and is continuing, and no Early Termination Date has occurred or been designated as the result of an Event of Default with respect to Seller, and no amounts are owing and unpaid from Seller to Buyer hereunder, and to the extent that an obligation to Transfer Performance Assurance would not be created or increased by the Transfer, in the event that Buyer is holding Cash, Buyer will Transfer (or caused to be Transferred) to Seller, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which may be retained by Buyer), the Interest Amount when Buyer returns the Cash to Seller following the termination or expiration of this Agreement, as applicable and in conformity with Section 9.6. On or after the occurrence of a Potential Event of Default or an Event of Default with respect to Seller or an Early Termination Date as a result of an Event of Default with respect to Seller, Buyer shall retain any such Interest Amount as additional

Performance Assurance hereunder until the obligations of Seller under the Agreement have been satisfied in the case of an Early Termination Date or for so long as such Event of Default is continuing in the case of an Event of Default.

- (b) Letters of Credit. Performance Assurance provided in the form of a Letter of Credit shall be subject to the following provisions:
- (i) Each Letter of Credit shall be maintained for the benefit of Buyer. Seller shall (A) renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit, (B) if the bank or financial institution that issued an outstanding Letter of Credit has indicated its intent not to renew such Letter of Credit, provide either a substitute Letter of Credit or Cash, in each case at least thirty (30) calendar days prior to the expiration of the outstanding Letter of Credit, and (C) if a bank or financial institution issuing a Letter of Credit shall fail to honor Buyer's properly documented request to draw on an outstanding Letter of Credit, provide for the benefit of Buyer either a substitute Letter of Credit that is issued by a bank or financial institution acceptable to Buyer or Cash, in each case within one (1) Business Day after such refusal.
  - (ii) As one method of providing Performance Assurance, Seller may increase the amount of an outstanding Letter of Credit or establish one or more additional Letters of Credit.
  - (iii) Upon the occurrence of a Letter of Credit Default, Seller agrees to Transfer to Buyer either a substitute Letter of Credit or Cash, in each case on or before the first (1st) Business Day after the occurrence thereof (or the fifth (5th) Business Day after the occurrence thereof if only clause (i) under the definition of Letter of Credit Default applies).
  - (iv) Upon or at any time after the occurrence and continuation of an Event of Default or Letter of Credit Default with respect to Seller, or if an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller for which there exist any unsatisfied payment obligations, then Buyer may draw on the entire, undrawn portion of any outstanding Letter of Credit upon submission to the bank or financial institution issuing such Letter of Credit of one or more certificates specifying that such Event of Default, Letter of Credit Default or Early Termination Date has occurred and is continuing. Cash proceeds received from drawing upon the Letter of Credit shall be deemed Performance Assurance as security for Seller's obligations to Buyer and Buyer shall have the rights and remedies set forth in Section 5.5 with respect to such Cash proceeds. Notwithstanding Buyer's receipt of Cash proceeds of a drawing under the Letter of Credit, Seller shall remain liable (A) for any failure to Transfer sufficient Performance Assurance and (B)

for any amounts owing to Buyer and remaining unpaid after the application of the amounts so drawn by Buyer.

- (v) In all cases, the costs and expenses of establishing, renewing, substituting, canceling, and increasing the amount of a Letter of Credit shall be borne by Seller.

- (c) **Care of Performance Assurance.** Except as otherwise provided in Section 5.4(a)(i) and beyond the exercise of reasonable care in the custody thereof, Buyer shall have no duty as to any Performance Assurance in its possession or control or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. Buyer shall be deemed to have exercised reasonable care in the custody and preservation of the Performance Assurance in its possession if the Performance Assurance is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Performance Assurance, or for any diminution in the value thereof, except to the extent such loss or damage is the result of Buyer's willful misconduct or gross negligence. Buyer shall at all times retain possession or control of any Performance Assurance Transferred to it.

## **5.5. Exercise of Rights against Performance Assurance**

- (a) If an Event of Default with respect to Seller has occurred and is continuing or an Early Termination Date has occurred or been designated as a result of an Event of Default with respect to Seller, Buyer may exercise any one or more of the rights and remedies provided under this Agreement, or as otherwise available under Applicable Law. Without limiting the foregoing, if at any time an Event of Default with respect to Seller has occurred and is continuing, or an Early Termination Date occurs or is deemed to occur as a result of an Event of Default with respect to Seller, then Buyer may, in its sole discretion, exercise any one or more of the following rights and remedies:
- (i) All rights and remedies available to a Buyer under the Uniform Commercial Code and any other applicable jurisdiction and other Applicable Laws with respect to the Performance Assurance held by or for the benefit of Buyer;
  - (ii) The right to set off any Performance Assurance held by or for the benefit of Buyer against and in satisfaction of any amount payable by Seller in respect of any of its obligations; and
  - (iii) The right to draw on any outstanding Letter of Credit issued for its benefit.
- (b) Buyer shall be under no obligation to prioritize the order with respect to which it exercises any one or more rights and remedies available hereunder. Seller shall in all events remain liable to Buyer for any amount payable by Seller in respect of

any of its obligations remaining unpaid after any such liquidation, application and set off.

## **5.6. Financial Information**

If requested by a Party, the other Party shall deliver, if available, (a) within one hundred twenty (120) calendar days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements (income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) for such fiscal year setting forth in each case in comparative form the figures for the previous year for the Party, as the case may be, and (b) within sixty (60) calendar days after the end of each of its first three fiscal quarters of each fiscal year, a copy of a quarterly report containing unaudited consolidated financial statements for such fiscal quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, and if the Party files reports with the Securities and Exchange Commission, certified in accordance with all applicable laws and regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations. If the Party does not file reports with the Securities and Exchange Commission, the reports must be certified by a Chief Financial Officer, Treasurer or any Assistant Treasurer as being fairly stated in all material respects (subject to normal year end audit adjustments); provided, for the purposes of this Section 5.6, if a Party's financial statements are publicly available electronically on the Securities and Exchange Commission's website, then this requirement shall be deemed satisfied. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements.

## **5.7. Access to Financial Information**

- (a) Buyer shall determine, through consultation with its internal accountants and review with their independent registered public accounting firm, that Buyer is required to consolidate Seller's financial statements with Buyer's financial statements for financial accounting purposes under Accounting Standards Codification (ASC) 810/Accounting Standards Update 2009-17, "Consolidation of Variable Interest Entities" (ASC 810), or future guidance issued by accounting profession governance bodies or the SEC that affects Buyer accounting treatment for this Agreement (the "Financial Consolidation Requirement").
- (b) If the Financial Consolidation Requirement is applicable, then:
  - (i) Within twenty (20) calendar days following the end of each calendar year (for each year that such treatment is required), Seller shall deliver to Buyer unaudited financial statements and related footnotes of Seller as of the end of the year. It is permissible for Seller to use accruals and prior months' estimates with true-up to actual activity, in subsequent periods, when

preparing the unaudited financial statements. The annual financial statements should include quarter-to-date and yearly information. Buyer shall provide to Seller a checklist before the end of each year listing the items which Buyer believes are material to Buyer and required for this purpose, and Seller shall provide the information on the checklist, subject to the availability of data from Seller's records. It is permissible for Seller to use accruals and prior month's estimates with true-up to actual activity, in subsequent periods, when preparing the information on the checklist. If audited financial statements are prepared for Seller for the year, Seller shall provide such statements to Buyer within five (5) Business Days after those statements are issued.

- (ii) Within fifteen (15) calendar days following the end of each fiscal quarter (for each quarter that such treatment is required), Seller shall deliver to Buyer unaudited financial statements and related footnotes of Seller as of the end of the quarterly period. The financial statements should include quarter-to-date and year-to-date information. Buyer shall provide to Seller a checklist before the end of each quarter listing items which Buyer believes are material to Buyer and required for this purpose, and Seller shall provide the information on the checklist, subject to the availability of data from Seller's records. It is permissible for Seller to use accruals and prior months' estimates with true-up to actual activity, in subsequent periods, when preparing the unaudited financial statements.
  - (iii) If Seller regularly prepares its financial data in accordance with GAAP, IFRS, or Successor, the financial information provided to Buyer shall be prepared in accordance with such principles. If Seller is not a SEC registrant and does not regularly prepare its financial data in accordance with GAAP, IFRS or Successor, the information provided to Buyer shall be prepared in a format consistent with Seller's regularly applied accounting principles, e.g., the format that Seller uses to provide financial data to its auditor.
- (c) If the Financial Consolidation Requirement is applicable, then promptly upon Notice from Buyer, Seller shall allow Buyer's independent registered public accounting firm such access to Seller's records and personnel, as reasonably required so that Buyer's independent registered public accounting firm can conduct financial statement audits in accordance with the standards of the Public Company Accounting Oversight Board (United States), as well as internal control audits in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, as applicable. All expenses for the foregoing shall be borne by Buyer. If Buyer's independent registered public accounting firm during or as a result of the audits permitted in this Section 5.7(c) determines a material weakness or significant deficiency, as defined by GAAP, IFRS or Successor, as applicable, exists in Seller's internal controls over financial reporting, then within ninety (90) calendar days of Seller's receipt of Notice from Buyer, Seller shall remediate any such material weakness or significant deficiency; provided, Seller has the right to

challenge the appropriateness of any determination of material weakness or significant deficiency. Seller's true up to actual activity for yearly or quarterly information as provided herein shall not be evidence of material weakness or significant deficiency.

- (d) Buyer shall treat Seller's financial statements and other financial information provided under the terms of this Section 5.7 in strict confidence and, accordingly:
  - (i) Shall utilize such Seller financial information only for purposes of preparing, reviewing or certifying Buyer's or any Buyer parent company financial statements, for making regulatory, tax or other filings required by law in which Buyer is required to demonstrate or certify its or any parent company's financial condition or to obtain credit ratings;
  - (ii) Shall make such Seller financial information available only to its officers, directors, employees or auditors who are responsible for preparing, reviewing or certifying Buyer's or any Buyer parent company financial statements, to the SEC and the Public Company Accounting Oversight Board (United States) in connection with any oversight of Buyer's or any Buyer parent company financial statement and to those persons who are entitled to receive confidential information as identified in Article 13; and
  - (iii) Buyer shall ensure that its internal auditors and independent registered public accounting firm (A) treat as confidential any information disclosed to them by Buyer pursuant to this Section 5.7, (B) use such information solely for purposes of conducting the audits described in this Section 5.7, and (C) disclose any information received only to personnel responsible for conducting the audits.
- (e) If the Financial Consolidation Requirement is applicable, then, within two (2) Business Days following the occurrence of any event affecting Seller which Seller understands, during the Term, would require Buyer to disclose such event in a Form 8-K filing with the SEC, Seller shall provide to Buyer a Notice describing such event in sufficient detail to permit Buyer to make a Form 8-K filing.
- (f) If, after consultation and review, the Parties do not agree on issues raised by Section 5.7(a), then such dispute shall be subject to review by another independent audit firm not associated with either Party's respective independent registered public accounting firm, reasonably acceptable to both Parties. This third independent audit firm will render its recommendation on whether consolidation by Buyer is required. Based on this recommendation, Seller and Buyer shall mutually agree on how to resolve the dispute. If Seller fails to provide the data consistent with the mutually agreed upon resolution, Buyer may declare an Event of Default pursuant to Section 9.1. If the independent audit firm associated with Buyer still determines, after review by the third-party independent audit firm, that Buyer must consolidate, then Seller shall provide the financial information necessary to permit consolidation to Buyer; provided, in addition to

the protections in Article 13, such information shall be password protected and available only to those specific officers, directors, employees and auditors who are preparing and certifying the consolidated financial statements and not for any other purpose.

## **5.8. Uniform Commercial Code Waiver**

This Agreement sets forth the entirety of the agreement of the Parties regarding credit, collateral, financial assurances and adequate assurances. Except as expressly set forth in this Agreement, including, those provisions set forth in Article 5 and Article 9, neither Party:

- (a) has or will have any obligation to post margin, provide Letters of Credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever, or
- (b) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party that is complying with the relevant provisions of Article 5 and Article 9; and all implied rights relating to financial assurances arising from Section 2-609 of the Uniform Commercial Code or case law applying similar doctrines, are hereby waived.

# **ARTICLE 6. SPECIAL TERMS AND CONDITIONS**

## **6.1. Limitation of Liability**

Buyer has no obligations to any person or entity that is, or may participate as, a DRAM Resource Customer, DRP (if Seller is not a DRP), or Seller's SC and Seller shall indemnify Buyer against any claim made by any such DRAM Customer, the DRP (if Seller is not a DRP), or Seller's SC with respect to its participation in or with the PDR or DRAM Resource, as applicable.

## **6.2. Buyer Provision of Information**

Buyer shall provide to Seller, to the extent available and permitted by Applicable Law, including Rule 24, provide specific information consistent with the Customer Information Service Request Form for Demand Response Providers (CISR-DRP) adopted by the CPUC in D.13-12-029 and Resolution E-4630 including, but not limited to, usage, and/or meter data of a Customer, if Seller provides to Buyer written authorization from such Customer to release such information. Such written authorization must be provided in a form reasonably acceptable to Buyer. Buyer shall be liable for penalties or charges incurred by Seller from either the CAISO or the CPUC resulting solely from Buyer's failure to provide timely, accurate data to Seller in accordance with this Section 6.2.

## **6.3. Changes in Applicable Laws**

- (a) If a change in Applicable Laws renders this Agreement or any material terms herein incapable of being performed or administered, then either Party, on Notice,

may request the other Party to enter into good faith negotiations to make the minimum changes to this Agreement necessary to make this Agreement capable of being performed or administered, while attempting to preserve to the maximum extent possible the benefits, burdens and obligations set forth in this Agreement as of the Execution Date. The Parties acknowledge that such changes may require the approval of the CPUC before becoming effective.

- (b) If the Parties have been unable to reach agreement within thirty (30) calendar days after receipt of such Notice, then either Party may terminate this Agreement by providing Notice. A Party's exercise of its rights under this Section 6.3 will not be deemed to be a failure of Seller to sell or deliver the Product or a failure of Buyer to purchase or receive the Product, and will not be or cause an Event of Default by either Party. Neither Party shall have any further obligation or liability to the other and no Settlement Amount with respect to this Agreement will be due or owing by either Party upon termination of this Agreement due solely to a Party's exercise of its right pursuant to this Section 6.3.

#### **6.4. DBE Reporting**

No later than twenty (20) calendar days after each semi-annual period ending on June 30th or December 31st during the Term, Seller shall provide to Buyer a report listing all Diverse Business Enterprises that supplied goods or services to Seller during such period, including any certifications or other documentation of such Diverse Business Enterprises' status as such and the amount paid to each Diverse Business Enterprise during such period.

- a. Buyer has the right to disclose to the CPUC all such information provided by Seller pursuant to this Section 6.4.
- b. Seller shall make reasonable efforts to accommodate requests by the CPUC (or by Buyer in response to a request by the CPUC) to audit Seller in order to verify data provided by Seller pursuant to this Section 6.4.

#### **6.5. Governmental Charges**

Seller shall pay on request and indemnify Buyer against any taxes (including without limitation, any applicable transfer taxes and stamp, registration or other documentary taxes), assessments, or charges that may become payable by reason of the security interests, general first lien and right of offset granted under this Agreement or the execution, delivery, performance or enforcement of this Agreement, as well as any penalties with respect thereto.

#### **6.6. Customers in Buyer Automated Demand Response Program**

Seller agrees to and acknowledges the following with respect to Buyer's non-Residential Customers which are included in Seller's DRAM Resource and have received ADR incentives or rebates to install demand response capable control technologies:

- (a) Customers in Seller's DRAM Resource are eligible for ADR incentives or rebates, subject to the requirements of this Agreement, Commission requirements, and Applicable Laws. The Customer remains responsible for fulfilling its obligations under Buyer's ADR program rules during the time period such ADR Customer is in Seller's DRAM Resource.
- (b) Seller shall be responsible for (i) notification to ADR Customers in its DRAM Resource of each Bid awarded by the CAISO ("Award") for a PDR, and (ii) operation of the ADR Customers' ADR control technology in response to an Award. During the time period that an ADR Customer is enrolled in a DRAM Resource, Buyer (or its agent) will not send notifications to such ADR Customer of Awards and will not operate ADR Customers' ADR control technology.
- (c) If Seller or its DRP enrolls a Customer who has received ADR incentives or rebates in Seller's DRAM Resource, Seller shall provide Buyer (or its agent) with Notice within five (5) Business Days of such enrollment of the ADR Customer's enrollment along with the ADR Customer's name, service account address, SAID, location, the ADR agreement, and confirmation that the ADR Customer has unenrolled from all or any of Buyer's event-based demand response programs (other than ADR) prior to enrolling in Seller's DRAM Resource. Seller shall provide Buyer (or its agent) with Notice within fifteen (15) calendar days after such Customer leaves Seller's DRAM Resource.
- (d) Customers who have received ADR incentives within the past year who enroll in a DRAM Resource will be required to demonstrate performance through the DRAM Resource to qualify for additional ADR incentive payments as indicated in the statewide ADR Guidelines.
- (e) Buyer (or its agent) may communicate (i) with Seller's Customers who have received ADR incentives or rebates about the requirements for the Customer to participate in a demand response program, and (ii) with Seller's Customers with respect to anything involving their ADR incentive or rebate eligibility.
- (f) Seller shall provide to Buyer (or its agent) all information necessary for Buyer to administer the Customers' ADR incentives or rebates, including, but not limited to: (i) the information described in Section 6.6(c), (ii) the days in each Showing Month of Dispatch of the applicable PDR in the DRAM Resource, (iii) all hours in such Showing Month, corresponding to the days in subsection (ii), when Seller dispatched or called on the ADR Customer to respond to an Award, and (iv) information on ADR Customers that Seller did not dispatch or call on to respond to an Award for such Showing Month. The Customer's participation in the Seller's DRAM Resource as described in this Section 6.6(f) will be used in conjunction with the ADR Customer's participation in Buyer's demand response programs, to calculate the Customer's actual performance and subsequent incentive payments.

- (g) If Seller does not provide all the information Buyer needs to administer the ADR incentives for the Customer, the ADR Customer will be in non-compliance with the requirements of the ADR program.
- (h) Following the termination or expiration of this Agreement, Buyer (or its agent) may notify the Customers in Seller's DRAM Resource that have received ADR incentives or rebates of their commitment to participate in a demand response program for a total of three years.

## **ARTICLE 7. REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **7.1. Representations and Warranties of Both Parties**

On the Execution Date, each Party represents and warrants to the other Party that:

- (a) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) Except for CPUC Approval in the case of Buyer, it has or will timely acquire all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;
- (c) The execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (d) This Agreement constitutes its legally valid and binding obligation, enforceable against it in accordance with its terms;
- (e) It is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or become Bankrupt;
- (f) There is not pending or, to its knowledge, threatened against it, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;
- (g) It (i) is acting for its own account, (ii) has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, (iii) is not relying upon the advice or recommendations of the other Party in so doing, and (iv) is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions, and risks of this Agreement; and
- (h) It has entered into this Agreement in connection with the conduct of its business and it has the capability or ability to make available or take delivery of, as

applicable, the Product under this Agreement in accordance with the terms of this Agreement.

## **7.2. Additional Seller Representations, Warranties and Covenants**

- (a) On the Execution Date, Seller represents and warrants to Buyer that Seller has not used, granted, pledged, assigned, or otherwise committed any of the Monthly Quantity to meet the RAR, Local RAR and/or Flexible RAR, as applicable, or confer Resource Adequacy Benefits upon, any entity other than Buyer during the Delivery Period.
- (b) Seller covenants that throughout the Delivery Period:
  - (i) Seller will deliver the Product to Buyer free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person.
  - (ii) Seller has been authorized by each Customer, to act as an aggregator on behalf of such Customer to participate as a PDR in the DRAM Resource, if Seller is not also a Customer.
  - (iii) The DRP has been authorized by each Customer to act on behalf of such Customer to participate as a PDR for the DRAM Resource, if Seller is not the DRP.
  - (iv) Seller will not use, grant, pledge, assign, or otherwise commit any Monthly Contracted Quantity to meet the RAR, Local RAR, and/or Flexible RAR, as applicable, or confer Resource Adequacy Benefits of the Product upon, any entity other than Buyer during the Delivery Period.
  - (v) During each month of the Delivery Period, if any participating Customers in the DRAM Resource have a Prohibited Resource, Seller shall ensure that such Prohibited Resource is not used to reduce load during a Dispatch by any PDR providing Product to Buyer during such month, as follows:
    - A. For all Residential Customers, Seller shall include a provision in its contract forbidding the use of Prohibited Resources to reduce load during a Dispatch by any PDR providing Product to Buyer. Any Customer that does not accept the prohibition will not be eligible to participate in the Seller's DRAM Resource.
    - B. Seller shall require from each of its non-Residential Customers an attestation form attesting to one of the following conditions:
      1. the Customer does not have a Prohibited Resource on site;

2. the Customer has a Prohibited Resource on site and will not use the resource to reduce load during a Dispatch by any PDR providing Product to Buyer; or
3. the Customer has a Prohibited Resource on site and may have to use the resource during Demand Response events for operational, health or safety reasons. The total nameplate capacity in kW of the Customer's resource(s) will be used as the Default Adjustment Value (DAV) to adjust the Demand Response incentives / charge for the Customer's account.

For condition 1 above, the Customer's attestation must include the service account number. For conditions 2 and 3 above, each attestation must provide the service account number, the number of unit(s) of Prohibited Resources on site, and the nameplate capacity of the Prohibited Resource (or, if the Customer has multiple Prohibited Resources, the sum of the nameplate capacity values from all Prohibited Resources on site) (the 'Default Adjustment Value'). For condition (3), this Default Adjustment Value will be subtracted from the Potential Load Reduction or Nominated Capacity. Customers must agree to a default adjustment in which the amount of Product such Customer can provide is reduced by the Default Adjustment Value, regardless of whether the Prohibited Resource was actually used. Customers with multiple service accounts enrolled through Seller may submit one attestation form per attestation scenario.

- C. Seller shall collect and store all such Customer attestations and make them available upon request, to a Verification Administrator or the CPUC. Seller shall also collect and store supporting documentation, such as nameplate capacities for each resource under each attestation scenario, and make them available upon request to Buyer, the Verification Administrator or the CPUC.
- D. For non-Residential Customers, the attestation shall occur at the time of enrollment and may be provided with a wet signature, a click, or an electronic signature. Any non-Residential Customer that does not complete this component of the enrollment process will not be eligible to participate in Seller's DRAM Resource. Consistent with CPUC Resolution E-4906, the Seller's contractual agreement is contingent upon compliance with both the prohibition and the submission of the Customers' attestations, which are subject to verification.
- E. Seller shall include provisions in its contracts that Customers are subject to random annual audits (1) requiring compliance with verification requests and facility access for site visits as deemed necessary by the Verification Administrator; (2) requiring the Customer to provide the Verification Administrator with written

operating manifest(s), date and time stamped photo(s) of the Prohibited Resource unit(s), load curtailment plan(s), single line diagram(s) permit copy(ies), or other information or documentation about their onsite Prohibited Resources; and (3) allowing the Buyer or its contractor(s) to install monitoring equipment at the Sites for the purposes of verification of attestations.

- F. Seller shall include additional and separate provisions near the beginning of its contracts with Customers explaining and implementing these restrictions specifying that Customer compliance will be subject to verification, indicating the consequences for noncompliance with the provision. All contracts with non-Residential Customers shall indicate that the non-compliance consequences will be as set forth in this section. If the instance of non-compliance involves clerical or administrative errors, such as an inaccurate listing of a Customer name or the nameplate value of a Prohibited Resource in an attestation, or a failure to include a Customer's Prohibited Resource on an attestation, provided in all cases that such Prohibited Resource is not used in violation of the terms of this Agreement (collectively, "Type One Non-Compliance"), Seller shall specify that Customers will have sixty (60) calendar days from receipt of notice to cure such Type-One Non-Compliance. If the instance of non-compliance involves either (1) the Customer does not attest to the use of any Prohibited Resource but is using a Prohibited Resource to reduce load during a demand response event; or (2), a Customer submits an invalid nameplate capacity value for the Prohibited Resource(s) that is lower than the actual capacity value on the nameplate (collectively "Type Two Non-Compliance"), then Customer will be removed from Seller's DRAM Resource as follows. If there is an instance of (x) an uncured Type One Non-Compliance, or (y) a Type Two Non-Compliance, the consequences will be removal from Seller's DRAM Resource and ineligibility to enroll in any DRAM Seller's Resource or Buyer's demand response program subject to the prohibited resource requirement in D.16-09-056 for twelve calendar months from the removal date (for a single instance of noncompliance), or three years from the removal date (for two or more instances of noncompliance).
- G. Seller shall provide such documentation as may be reasonably necessary for Buyer to verify the accuracy of the attestations referenced in subsections B(1)–(3) above and Seller's compliance with and enforcement of this Section 7.2(b)(v). For all non-Residential Customers, (1) Sellers will provide the Default Adjustment Values (DAVs) monthly (with Demonstrated Capacity information); and, (2) Sellers will ensure that CAISO wholesale market bids reflect portfolio amounts prior to de-rating. Seller shall comply with any Prohibited Resource audit verification plan that is developed in accordance with D. 16-09-056 and approved by the CPUC.

- H. On an annual basis, Seller shall provide to Buyer the language on the prohibition included in its respective Residential Customer contracts. Seller will develop metrics, targets and record keeping systems to assess the effectiveness of its Customer outreach and notification efforts required under this Section 7.2(b)(v), and will provide such materials to the Buyer, the CPUC, and the Verification Administrator upon the request of Buyer or the CPUC.
  - I. Seller shall include provisions in its contracts with non-Residential Customers permitting updates to their attestations to (1) add, remove or modify an on-site Prohibited Resource; (2) change the status or use of a Prohibited Resource to reduce load during any Dispatch; or (3) change the Default Adjustment Value, but only if, in each case, the change is supported by documentation that confirms the operational change and can be verified by a Verification Administrator.
  - J. Verification methods for Customers under the condition noted in Section 7.2(b)(v)(I)(3) above shall be based on documentation of nameplate capacity, instead of load curtailment plans.
  - K. If further documentation in the form of load curtailment plans are required, Seller shall comply with the Verification Administrator's requests for supporting materials.
  - L. The Buyer has been directed by the CPUC to require a standardized non-disclosure agreement (NDA) that the Verification Administrator executes with the Buyer. This NDA pertains to all sellers and their customers from whom they collect market-sensitive, proprietary data. Verification information obtained from sellers and their customers is only to be submitted to and collected by the Verification Administrator consistent with CPUC Resolution E-4906. Under the terms of this NDA, third party customers' market-sensitive, proprietary information shall not to be shared with the Buyer, will be kept under seal, and shall be made available to the Commission upon request. Per Ordering Paragraph 14 of CPUC Resolution E-4906, all aggregators must store Customer attestations and make them available to the CPUC upon request. The Seller shall store non-Residential Customer attestations and make them available to the Buyer or Commission upon request.
- (vi) If any respective PDR is a Joint Resource, Seller shall ensure that: (A) the use of the Joint Resource does not result in Buyer making payment in respect of Demonstrated Capacity for a type of Product in excess of the total capacity of the Joint Resource, whether to Seller or any other party, regardless of whether payment is made under this Agreement, another agreement in the DRAM, any other demand resource agreement or program, or any combination thereof; (B) the use of the Joint Resource does not result in Buyer making payment more than once in respect of

capacity relating to a particular Customer registered in the Joint Resource, regardless of whether payment is made under this Agreement, another agreement in the DRAM, any other demand resource agreement or program, or any combination thereof; and (C) Seller has the right to access and provide to Buyer the records and data regarding any DRAM Resource Customer that is not designated by Seller under Section 1.6(h) as part of the amount to be used to show Demonstrated Capacity for a type of Product under this Agreement to permit Buyer to audit such Joint Resource under Section 1.6(k) to the same extent Buyer may audit PDRs that are not Joint Resources.

## ARTICLE 8. NOTICES

### **8.1. Notices**

Notices, requests, statements or payments from one Party to the other Party shall be made to the addresses and persons specified in Section 8.2. All Notices, requests, statements or payments from one Party to the other Party shall be made in writing and may be delivered by hand delivery, first class United States mail, overnight courier service, e-mail or facsimile. Notice from one Party to the other Party by e-mail or facsimile (where confirmation of successful transmission is received) shall be deemed to have been received on the day on which it was transmitted (unless transmitted after 5:00 p.m. at the place of receipt or on a day that is not a Business Day, in which case it shall be deemed received on the next Business Day). Notice from one Party to the other Party by hand delivery or overnight delivery shall be deemed to have been received when delivered. A Party may change its contact information by providing Notice of the same in accordance herewith.

### **8.2. Contact Information**

#### For Buyer:

##### Billing Representative

*[Name]*

Phone:

Facsimile:

Email:

##### Contract Representative

*[Name]*

Phone:

Facsimile:

Email:

##### Supply Plan Contact

*[Name]*

Phone:

Facsimile:

Email:

##### Settlements

*[Name]*

Phone:  
Facsimile:  
Email:

Other Buyer Contact Information

Wire Transfer                    Credit and Collections

BNK:                                  Attn:  
ABA:                                  Phone:  
ACCT:                                Facsimile:  
    Email:

Notices of Event of Default or Potential Event of Default to:

*[Name]*

Phone:  
Facsimile:  
Email:

For Seller:

Billing Representative

*Name*

Phone:  
Facsimile:  
Email:

Contract Representative

*[Name]*

Phone:  
Facsimile:  
Email:

Supply Plan Contact

*[Name]*

Phone:  
Facsimile:  
Email:

Other Seller Contact Information

ACH                            Credit and Collections

BNK:                                  Attn:  
ABA:                                  Phone:  
ACCT:                                Facsimile:

Email:

Notices of Event of Default or Potential Event of Default to:

*[Name]*

Phone:

Facsimile:

Email:

The Parties acknowledge and agree that those persons set forth in this Section 8.2 are designated by each Party as their respective authorized representatives to act on their behalf for the purposes described therein.

## **ARTICLE 9. EVENTS OF DEFAULT; TERMINATION**

### **9.1. Events of Default**

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

- (a) With respect to either Party:
  - (i) The failure to make, when due, any payment required to be made to the other Party pursuant to this Agreement, if such failure is not remedied within three (3) Business Days after written Notice of such failure is given by the Non-Defaulting Party;
  - (ii) Any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated if the representation or warranty is continuing in nature;
  - (iii) The failure to perform any material covenant, obligation, term or condition of this Agreement (except to the extent constituting a separate Event of Default), where such breach is not remedied within five (5) Business Days of Notice of such breach by the Non-Defaulting Party.
  - (iv) Such Party becomes Bankrupt; or
  - (v) A Merger Event occurs with respect to such Party.
- (b) With respect to Seller:
  - (i) The failure of Seller to satisfy the collateral requirements set forth in Article 5;
  - (ii) During the Term, Seller makes any material misrepresentation or omission in any report required to be made or furnished by Seller, the Seller’s DRP or the Seller’s SC pursuant to this Agreement;

- (iii) During the Delivery Period, Seller sells, assigns, or otherwise transfers, or commits to sell, assign, or otherwise transfer, the Product, or any portion thereof, to any party other than Buyer without Buyer's written consent; or
- (iv) During the Term, the occurrence and continuation of a default, event of default or other similar condition or event (however described) in respect of Seller under one or more agreements or instruments relating to indebtedness for borrowed money (whether present or future, contingent or otherwise), which results in such indebtedness for borrowed money (whether present or future, contingent or otherwise) becoming, or becoming capable at such time of being declared, immediately due and payable under such agreements or instruments, before it would otherwise have been due and payable, or a default by Seller in making one or more payments on the due date thereof in an aggregate amount of not less than **[To be determined]** under such agreements or instruments (after giving effect to any applicable notice requirement or grace period).
- (v) During the Term, Seller fails to comply with the requirements of Section 7.2(b)(v), where such breach is not remedied within thirty (30) calendar days of Notice of such breach by Buyer.
- (vi) The aggregate Demonstrated Capacity for the DRAM Resource is less than fifty percent (50%) of the aggregate Qualifying Capacity for the DRAM Resource in any two (2) sequential Showing Months for which Demonstrated Capacity was calculated with reference to the results of a DC Dispatch pursuant to Section 1.6(a)(i) or a DC Test pursuant to Section 1.6(a)(ii) (excluding any intervening months with invoices based on MOO bids pursuant to Section 1.6(a)(iii)).
- (vii) Seller fails to achieve a Milestone by the applicable deadline for such Milestone as set forth in Section 3.3(b), and such failure is not remedied within five (5) Business Days after Notice from Buyer.

## **9.2. Early Termination**

If an Event of Default shall have occurred, the Party taking the default (the ‘Non-Defaulting Party’) has the right:

- (a) To designate by Notice, which will be effective five (5) Business Days after the Notice is given, a day, no later than twenty (20) calendar days after the Notice is effective, for the early termination of this Agreement (an ‘Early Termination Date’);
- (b) Withhold any payments due to the Defaulting Party under this Agreement;
- (c) Suspend performance of this Agreement, but excluding Seller’s obligation to post and maintain Performance Assurance in accordance with Article 5; and

- (d) To pursue all remedies available at law or in equity against the Defaulting Party (including monetary damages), except to the extent that such remedies are limited by the terms of this Agreement.

### **9.3. Termination Payment**

- (a) As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide Notice to the Defaulting Party of the amount of the Termination Payment. The Notice must include a written statement setting forth, in reasonable detail, the calculation of such Termination Payment including the Settlement Amount, together with appropriate supporting documentation.
- (b) If the Termination Payment is positive, the Defaulting Party shall pay such amount to the Non-Defaulting Party within two (2) Business Days after the Notice is provided. If the Termination Payment is negative (i.e., the Non-Defaulting Party owes the Defaulting Party more than the Defaulting Party owes the Non-Defaulting Party), then the Settlement Amount shall be zero dollars (\$0), and the Non-Defaulting Party shall only pay to the Defaulting Party, within thirty (30) calendar days after the Notice is provided, any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date.
- (c) If a Party disputes the other Party's calculation of the Termination Payment, in whole or in part, the disputing Party shall, within two (2) Business Days of receipt of the Party's calculation of the Termination Payment, provide to the other Party a detailed written explanation of the basis for such dispute. Any disputes as to the calculation of the Termination Payment which the Parties are unable to resolve may be submitted to dispute resolution as provided in Article 10.

### **9.4. Reserved**

### **9.5. Suspension of Performance**

Notwithstanding any other provision of this Agreement, if (a) an Event of Default or (b) a Potential Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon Notice to the Defaulting Party, shall have the right (i) to suspend performance under this Agreement and (ii) to the extent an Event of Default shall have occurred and be continuing to exercise any remedy available at law or in equity.

### **9.6. Rights and Obligations Surviving Termination or Expiration**

The rights and obligations that are intended to survive a termination or expiration of this Agreement are all of those rights and obligations that this Agreement expressly provides survive any such termination or expiration and those that arise from a Party's covenants, agreements, representations, and warranties applicable to, or to be performed, at or during any time before or as a result of the termination or expiration of this Agreement, including:

- (a) A Party's obligation to provide information, including but not limited to Sections 3.3, 5.7, 6.2 and 6.4;
- (b) A Party's obligations with respect to invoices and payments pursuant to this Agreement;
- (c) The obligation of Seller to maintain Performance Assurance as set forth in Section 5.1;
- (d) The obligation of Buyer to return any Performance Assurance under Section 5.3;
- (e) The right to pursue remedies as set forth in Sections 9.2(d) and Article 10;
- (f) The obligations with respect to a Termination Payment as set forth in Section 9.3;
- (g) The dispute resolution provisions of Article 10;
- (h) The indemnity obligations expressly set forth in this Agreement;
- (i) The limitation of liabilities as set forth in Sections 3.5, 6.1 and Article 12;
- (j) The obligation of confidentiality as set forth in Article 13; and
- (k) A Party's obligation to comply with all applicable federal, state and local laws and rules, including without limitation, laws and rules protecting the confidentiality and privacy of Customer and Personal Confidential Information, such as the California Consumer Privacy Act of 2018, as set forth in Section 13.1(b) of this Agreement.

## **ARTICLE 10.DISPUTE RESOLUTION**

### **10.1. Dispute Resolution**

Other than requests for provisional relief under Section 10.5, any and all Disputes which the Parties have been unable to resolve by informal methods after undertaking a good faith effort to do so, must first be submitted to mediation under the procedures described in Section 10.3 below, and if the matter is not resolved through mediation, then for final and binding arbitration under the procedures described in Section 10.4 below.

The Parties waive any right to a jury and agree that there will be no interlocutory appellate relief (such as writs) available. Any Dispute resolution process pursuant to this Article 10 shall be commenced within one (1) year of the date of the occurrence of the facts giving rise to the Dispute, without regard to the date such facts are discovered; provided, if the facts giving rise to the Dispute were not reasonably capable of being discovered at the time of their occurrence, then such one (1) year period shall commence on the earliest date that such facts were reasonably capable of being discovered. If the Dispute resolution process pursuant to Article 10 with respect to a Dispute is not

commenced within such one (1) year time period, such Dispute shall be barred, without regard to any other limitations period set forth by law or statute.

## **10.2. Negotiation**

Except for disputes arising with respect to a Termination Payment, the Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement by prompt negotiations between each Party's Contract Representative, as identified in Section 8.2, or such other person designated in writing as a representative of the Party ("Manager"). Either Manager may request a meeting (in person or telephonically) to initiate negotiations to be held within ten (10) Business Days of the other Party's receipt of such request, at a mutually agreed time and place. If the matter is not resolved within fifteen (15) Business Days of their first meeting ("Initial Negotiation End Date"), the Managers shall refer the matter to the designated senior officers of their respective companies, who shall have authority to settle the dispute ("Executive(s)"). Within five (5) Business Days of the Initial Negotiation End Date ("Referral Date"), each Party shall provide one another written notice confirming the referral and identifying the name and title of the Executive who will represent the Party.

Within five (5) Business Days of the Referral Date the Executives shall establish a mutually acceptable location and date, which date shall not be greater than thirty (30) calendar days from the Referral Date, to meet. After the initial meeting date, the Executives shall meet as often as they reasonably deem necessary to exchange the relevant information and to attempt to resolve the dispute.

All communication and writing exchanged between the Parties in connection with these negotiations shall be confidential and shall not be used or referred to in any subsequent binding adjudicatory process between the Parties.

If the matter is not resolved within forty-five (45) calendar days of the Referral Date, or if the Party receiving the written request to meet, pursuant to the first paragraph of this Section 10.2, refuses or will not meet within ten (10) Business Days, either Party may initiate mediation of the controversy or claim according to the terms of the following Section 10.3.

If a dispute exists with respect to the Termination Payment, and such dispute cannot be resolved by good faith negotiation of the Parties within ten (10) Business Days of the Non-Defaulting Party's receipt of the detailed basis for the explanation of the dispute then either Party may refer the matter directly to Arbitration, as set forth in Section 10.4 below.

## **10.3. Mediation**

Either Party may initiate mediation by providing Notice to the other Party of a written request for mediation, setting forth a description of the Dispute and the relief requested.

The Parties will cooperate with one another in selecting the mediator ("Mediator") from the panel of neutrals from Judicial Arbitration and Mediation Services, Inc. ("JAMS"), its

successor, or any other mutually acceptable non-JAMS Mediator, and in scheduling the time and place of the mediation.

The Parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs (other than each Party's individual attorneys' fees and costs related to the Party's participation in the mediation, which fees and costs will be borne by such Party).

All offers, promises, conduct and statements, whether oral or written, made in connection with or during the mediation by either of the Parties, their agents, representatives, employees, experts and attorneys, and by the Mediator or any of the Mediator's agents, representatives and employees, will not be subject to discovery and will be confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding between or involving the Parties, or either of them; provided, evidence that is otherwise admissible or discoverable will not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

#### **10.4. Arbitration**

Either Party may initiate binding arbitration with respect to the matters first submitted to mediation by providing Notice in accordance with Article 8 of a demand for binding arbitration before a single, neutral arbitrator (the "Arbitrator") if mediation pursuant to Section 10.3 above does not result in resolution of the dispute within sixty (60) calendar days after service of a written demand for mediation (as the same may be extended by mutual agreement of the Parties).

If Notice of arbitration is not provided by either Party within sixty (60) calendar days following the unsuccessful conclusion of the mediation provided for in Section 10.3 above, the Dispute resolution process shall be deemed complete and further resolution of such Dispute shall be barred, without regard to any other limitations period set forth by law or statute.

The Parties will cooperate with one another in selecting the Arbitrator and scheduling the arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually acceptable Arbitrator, the Arbitrator will be appointed as provided for in California Code of Civil Procedure Section 1281.6.

To be qualified as an Arbitrator, each candidate must be a retired judge of a trial court of any state or federal court, or retired justice of any appellate or supreme court.

Unless otherwise agreed to by the Parties, the individual acting as the Mediator will be disqualified from serving as the Arbitrator in the dispute, although the Arbitrator may be another member of the JAMS panel of neutrals or such other panel of neutrals from which the Parties have agreed to select the Mediator.

Upon Notice of a Party's demand for binding arbitration, such Dispute submitted to arbitration, including the determination of the scope or applicability of this agreement to

arbitrate, will be determined by binding arbitration before the Arbitrator, in accordance with the laws of the State of California, without regard to principles of conflicts of laws.

Except as provided for herein, the arbitration will be conducted by the Arbitrator in accordance with the rules and procedures for arbitration of complex business disputes for the organization with which the Arbitrator is associated.

Absent the existence of such rules and procedures, the arbitration will be conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Section 1280 et seq. and California procedural law (including the Code of Civil Procedure, Civil Code, Evidence Code and Rules of Court, but excluding local rules).

Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration will be in Los Angeles County, California.

Also notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, discovery will be limited as follows:

- (a) Before discovery commences, the Parties shall exchange an initial disclosure of all documents and percipient witnesses which they intend to rely upon or use at any arbitration proceeding (except for documents and witnesses to be used solely for impeachment);
- (b) The initial disclosure will occur within thirty (30) calendar days after the initial conference with the Arbitrator or at such time as the Arbitrator may order;
- (c) Discovery may commence at any time after the Parties' initial disclosure;
- (d) The Parties will not be permitted to propound any interrogatories or requests for admissions;
- (e) Discovery will be limited to twenty-five (25) document requests (with no subparts), three (3) lay witness depositions, and three (3) expert witness depositions (unless the Arbitrator holds otherwise following a showing by the Party seeking the additional documents or depositions that the documents or depositions are critical for a fair resolution of the Dispute or that a Party has improperly withheld documents);
- (f) Each Party is allowed a maximum of three (3) expert witnesses, excluding rebuttal experts;
- (g) Within sixty (60) calendar days after the initial disclosure, or at such other time as the Arbitrator may order, the Parties shall exchange a list of all experts upon which they intend to rely at the arbitration proceeding;

- (h) Within thirty (30) calendar days after the initial expert disclosure, the Parties may designate a maximum of two (2) rebuttal experts;
- (i) Unless the Parties agree otherwise, all direct testimony will be in form of affidavits or declarations under penalty of perjury; and
- (j) Each Party shall make available for cross examination at the arbitration hearing its witnesses whose direct testimony has been so submitted.

Subject to Article 11, the Arbitrator will have the authority to grant any form of equitable or legal relief a Party might recover in a court action. The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of the Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to specific performance and injunctive or other equitable relief as a remedy for a breach of Article 13.

Judgment on the award may be entered in any court having jurisdiction.

The Arbitrator must, in any award, allocate all of the costs of the binding arbitration (other than each Party's individual attorneys' fees and costs related to the Party's participation in the arbitration, which fees and costs will be borne by such Party), including the fees of the Arbitrator and any expert witnesses, against the Party who did not prevail.

Until such award is made, however, the Parties will share equally in paying the costs of the arbitration.

Within thirty (30) calendar days after the conclusion of the arbitration hearing, the Arbitrator shall prepare in writing and provide to each Party a decision setting forth factual findings, legal analysis, and the reasons on which the Arbitrator's decision is based. The Arbitrator shall also have the authority to resolve claims or issues in advance of the arbitration hearing that would be appropriate for a California superior court judge to resolve in advance of trial. The Arbitrator shall not have the power to commit errors of law or fact, or to commit any abuse of discretion, that would constitute reversible error had the decision been rendered by a California superior court. The Arbitrator's decision may be vacated or corrected on appeal to a California court of competent jurisdiction for such error. Unless otherwise agreed to by the Parties, all proceedings before the Arbitrator shall be reported and transcribed by a certified court reporter, with each Party bearing one-half of the court reporter's fees.

## **10.5. Provisional Relief**

The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of this Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the

requirement of posting a bond or other security, to seek a preliminary injunction, temporary restraining order, or other provisional relief as a remedy for a breach of Article 13 in any court of competent jurisdiction, notwithstanding the obligation to submit all other Disputes (including all claims for monetary damages under this Agreement) to arbitration pursuant to this Article 10. The Parties further acknowledge and agree that the results of the arbitration may be rendered ineffectual without the provisional relief.

Such a request for provisional relief does not waive a Party's right to seek other remedies for the breach of the provisions specified above in accordance with Article 10, notwithstanding any prohibition against claim-splitting or other similar doctrine. The other remedies that may be sought include specific performance and injunctive or other equitable relief, plus any other remedy specified in this Agreement for the breach of the provision, or if the Agreement does not specify a remedy for the breach, all other remedies available at law or equity to the Parties for the breach.

## **ARTICLE 11. INDEMNIFICATION**

### **11.1. Seller's Indemnification Obligations**

- (a) In addition to any other indemnification obligations Seller may have elsewhere in this Agreement, which are hereby incorporated in this Section 11.1, Seller releases, and shall indemnify, defend and hold harmless Buyer, and Buyer's directors, officers, employees, agents, assigns, and successors in interest, from and against any and all loss, liability, damage, claim, cost, charge, demand, penalty, fine or expense of any kind or nature (including any direct, damage, claim, cost, charge, demand, or expense, and attorneys' fees (including cost of in-house counsel) and other costs of litigation, arbitration or mediation, and in the case of third-party claims only, indirect or consequential loss or damage of such third-party), arising out of or in connection with:
  - (i) any breach made by Seller of its representations, warranties and covenants in Article 7 or any payment disputes resulting from the use of a Joint Resource;
  - (ii) Seller's failure to fulfill its obligations regarding Resource Adequacy Benefits as set forth in Article 3;
  - (iii) any violation of Applicable Law or the CAISO Tariff arising out of or in connection with Seller's performance of, or failure to perform this Agreement;
  - (iv) injury or death to persons, including Buyer employees, and physical damage to property, including Buyer property, where the damage arises out of, is related to, or is in connection with, Seller's obligations or performance under this Agreement.

This indemnity applies notwithstanding Buyer's active or passive negligence; *provided*, Buyer will not be indemnified for its loss, liability, damage, claim, cost, charge, demand or expense to the extent caused by its gross negligence or willful misconduct.

## **11.2. Indemnification Claims**

All claims for indemnification by Buyer will be asserted and resolved as follows:

If a claim or demand for which Buyer may claim indemnity is asserted against or sought to be collected from Seller by a third party, Buyer shall as promptly as practicable give Notice to Seller; *provided*, failure to provide this Notice will relieve Seller only to the extent that the failure actually prejudices Seller.

- (a) Seller will have the right to control the defense and settlement of any claims in a manner not adverse to Buyer but cannot admit any liability or enter into any settlement without Buyer's approval.
- (b) Buyer may employ counsel at its own expense with respect to any claims or demands asserted or sought to be collected against it; *provided*, if counsel is employed due to a conflict of interest or because Seller does not assume control of the defense, Seller will bear the expense of this counsel.

## **ARTICLE 12. LIMITATION OF REMEDIES, LIABILITY, AND DAMAGES**

EXCEPT AS SET FORTH HEREIN WITH RESPECT TO THE PRODUCT, THERE ARE NO WARRANTIES BY EITHER PARTY UNDER THIS AGREEMENT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY WILL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED, UNLESS THE PROVISION IN QUESTION PROVIDES THAT THE EXPRESS REMEDIES ARE IN ADDITION TO OTHER REMEDIES THAT MAY BE AVAILABLE.

SUBJECT TO SECTION 9.3, IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY WILL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES WILL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED.

UNLESS EXPRESSLY PROVIDED IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE PROVISIONS OF ARTICLE 11 (INDEMNIFICATION), NEITHER

PARTY WILL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

NOTHING IN THIS ARTICLE PREVENTS, OR IS INTENDED TO PREVENT, BUYER FROM PROCEEDING AGAINST OR EXERCISING ITS RIGHTS WITH RESPECT TO ANY PERFORMANCE ASSURANCE.

## **ARTICLE 13.CONFIDENTIALITY**

### **13.1. Confidentiality and Privacy Obligations**

- (a) Neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's or the Party's Affiliates' officers, directors, employees, lenders, counsel, accountants, advisors, or Rating Agencies, who have a need to know such information and have agreed to keep such terms confidential) except (i) in order to comply with any Applicable Law, summons, subpoena, exchange rule, or accounting disclosure rule or standard, or to make any showing required by any applicable Governmental Body other than as set forth in Sections 13.1(a)(i) and (vi); (ii) to the extent necessary for the enforcement of this Agreement; (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the non-disclosing Party in making such disclosure; (iv) to the extent such information is or becomes generally available to the public prior to such disclosure by a Party; (v) when required to be released in connection with any regulatory proceeding (provided that the releasing Party makes reasonable efforts to obtain confidential treatment of the information being released); (vi) with respect to Buyer, as may be furnished to its duly authorized Governmental Bodies, including without limitation the Commission and all divisions thereof, to Buyer's Procurement Review Group, a group of participants including members of the Commission and other governmental agencies and consumer groups established by the Commission in Commission decisions 02-08-071 and 03-06-071, and to Buyer's Cost Allocation Mechanism Group established by the CPUC in D.07-12-052, or (vii) Seller may disclose the transfer of the Monthly Quantity under this Agreement to its SC in order for such

SC to timely submit accurate Supply Plans. The existence of this Agreement is not subject to this confidentiality obligation; *provided*, neither Party shall make any public announcement relating to this Agreement unless required pursuant to subsection (i) or (v) of the foregoing sentence of this Section 13(a).

- (b) During the Term of this Agreement, both Parties shall comply with all applicable federal, state and local laws protecting the confidentiality and privacy of the Customer and Personal Confidential Information, including without limitation, the California Consumer Privacy Act of 2018, California Civil Code 1798.100 et seq. In addition, Seller shall cause each of the PDRs in the DRAM Resource and corresponding DRPs and SCs to comply with all applicable federal, state, and local laws set forth in the prior sentence.

### **13.2. Obligation to Notify**

In connection with discovery requests or orders pertaining to confidential information in connection with this Agreement as referenced in Section 13.1(a) (“Disclosure Order”) each Party shall, to the extent practicable, use reasonable efforts to:

- (a) Notify the other Party before disclosing the Confidential Information; and
- (b) Prevent or limit such disclosure.

After using such reasonable efforts, the Disclosing Party will not be:

- (c) Prohibited from complying with a Disclosure Order; or
- (d) Liable to the other Party for monetary or other damages incurred in connection with the disclosure of the Confidential Information.

### **13.3. Remedies; Survival**

The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, these confidentiality and privacy obligations. With respect to information provided in connection with this Agreement, these obligations shall survive for a period of three (3) years following the expiration or termination of this Agreement.

## **ARTICLE 14.FORCE MAJEURE**

To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the “Claiming Party”) gives notice and details of the Force Majeure to the other Party as soon as practicable, then, unless the terms of the Product specify otherwise, the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not

be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

## **ARTICLE 15.MISCELLANEOUS**

### **15.1. General**

- (a) This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.
- (b) The term “including,” when used in this Agreement, shall be by way of example only and shall not be considered in any way to be in limitation.
- (c) The headings used herein are for convenience and reference purposes only.
- (d) Each Party agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement.
- (e) Words having well-known technical or industry meanings have these meanings unless otherwise specifically defined in this Agreement.
- (f) Whenever this Agreement specifically refers to any Applicable Law, tariff, government department or agency, or Rating Agency, the Parties hereby agree that the reference also refers to any successor to such law, tariff or organization.
- (g) Nothing in this Agreement relieves either Party from, or modifies, any obligation or requirement that exists in any Applicable Law, tariff, rule, or regulation.
- (h) The Parties acknowledge and agree that this Agreement and the transactions contemplated by this Agreement constitute a “forward contract” within the meaning of the Bankruptcy Code and that Buyer and Seller are each “forward contract merchants” within the meaning of the Bankruptcy Code.

### **15.2. Governing Law and Venue**

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

### **15.3. Amendment**

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

#### **15.4. Assignment**

- (a) Neither Party shall assign this Agreement or its rights hereunder, as the case may be, without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof or thereof, as the case may be, in connection with any financing or other financial arrangements to any person or entity whose creditworthiness is equal to or higher than that of such Party, (b) transfer or assign this Agreement to an Affiliate of such Party which Affiliate's creditworthiness is equal to or higher than that of such Party, or (c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of such Party and whose creditworthiness is equal to or higher than that of such Party; provided, in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.
- (b) If Seller seeks to assign this Agreement or its rights hereunder and Buyer's consent is required under Section 15.4(a) or pursuant to CPUC rules on reassignment described in Decision 19-12-040 or other applicable rules or laws, then no later than thirty (30) calendar days in advance of the proposed assignment, Seller shall issue Notices to the Commission's Energy Division and to Buyer informing each of Seller's intent to assign, and shall inform prospective Demand Response Providers by emailing all regulatory affairs or contract managers for all registered Demand Response Providers. Seller shall issue a Notice to Buyer of its selected assignee and shall provide concurrently with such Notice: (i) draft modifications to this Agreement to accommodate such assignment; (ii) evidence that the proposed assignee and the DRAM Resource is in compliance with the Milestones; and (iii) the additional information required by the QC Implementation Guidelines, as to the selected assignee. Buyer shall advise Seller of its approval or disapproval of such assignment, in its reasonable discretion, within fifteen (15) Business Days after receipt of all such information. Such assignment, if approved by Buyer, shall not become effective until CPUC Approval has been obtained with respect to the revised Agreement. Buyer shall request CPUC Approval of any revised Agreement via a Tier 1 Advice Letter.

#### **15.5. Successors and Assigns**

This Agreement shall be binding upon and inure to the benefit of, the Parties and their respective successors and assigns. This Agreement is not intended to confer any rights or remedies upon any other persons other than the Parties.

#### **15.6. Waiver**

None of the provisions of this Agreement shall be considered waived by either Party unless the Party against whom such waiver is claimed gives the waiver in writing. The

failure of either Party to insist in any one instance upon strict performance of any the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishments of such rights for the future but the same shall continue and remain in full force and effect. Waiver by either Party of any default of the other Party shall not be deemed a waiver of any other default.

#### **15.7. No Agency**

Except as otherwise provided explicitly herein, in performing their respective obligations under this Agreement, neither Party is acting, or is authorized to act, as the other Party's agent.

#### **15.8. No Third-Party Beneficiaries**

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

#### **15.9. Entire Agreement**

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

#### **15.10. Severability**

If any term, section, provision or other part of this Agreement, or the application of any term, section, provision or other part of this Agreement, is held to be invalid, illegal or void by a court or regulatory agency of proper jurisdiction, all other terms, sections, provisions or other parts of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or regulatory agency holds that the provisions are not separable from all other provisions of this Agreement.

#### **15.11. Multiple Originals**

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

#### **15.12. Mobile Sierra**

Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or

conditions of service of this Agreement through application or complaint to the FERC pursuant to the provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party, or the FERC acting *sua sponte* shall be the “public interest” standard of review set forth in *United States Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956).

### **15.13. Performance Under this Agreement**

Each Party and its representatives shall maintain records and supporting documentation relating to this Agreement, and the performance of the Parties hereunder in accordance with, and for the applicable time periods required by, all Applicable Laws.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Execution Date.

**SOUTHERN CALIFORNIA EDISON  
COMPANY**, a California corporation

[SELLER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **EXHIBIT A**

### **DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings set forth below:

**"ADR Guidelines"** means the guidelines for Buyer's Automated Demand Response Program implemented pursuant to Decisions 12-04-045, 14-05-025, and 18-11-029, as modified or updated from time to time, including the updates to the guidelines that are submitted in the Tier Two advice letter process on September 1 of each year in compliance with Ordering Paragraph 8 of Decision 18-11-029.

**"Affiliate"** means, with respect to a Party, any entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with that Party. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Agreement"** has the meaning in the Preamble.

**"Applicable Laws"** means all constitutions, treaties, laws, ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Body that apply to either or both of the Parties, the DRP, the PDR or the terms of this Agreement.

**"Arbitrator"** has the meaning set forth in Article 10.4.

**"Audit Notice"** has the meaning set forth in Section 1.6(k).

**"Automated Demand Response"** or **"ADR"** is Buyer's demand response program offering Customers an incentive to install automated communication equipment and associated software that enhances their ability to reduce load during Buyer's demand response program events. For purposes ADR, Seller's participation in the CAISO Markets pursuant to this Agreement is a Buyer demand response program, pursuant to the September 24, 2015 disposition letter from Commission staff. The CPUC approved the ADR programs by Decision 12-04-045 and Decision 14-05-025.

**"Automated Demand Response Customer"** or **"ADR Customer"** is a non-Residential Customer that has installed the ADR equipment under Buyer's ADR and received, at minimum, approval from Buyer that it has been approved for its first (60%) incentive payment.

**"Availability Assessment Hours"** or **"AAH"** has the meaning set forth in the CAISO Tariff.

**"Average Qualifying Capacity"** or AQC has the meaning set forth in Section 1.7 and Exhibit E.

**"Award"** has the meaning set forth in Section 6.6(b).

**"Bankrupt"** means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action

under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

“Bankruptcy Code” means the United States Bankruptcy Code (11 U.S.C. §101 *et seq.*), as amended, and any successor statute.

“Big Creek/Ventura LCA Substations” means the following substations located in the CAISO area: ACTON SC, ANAVERDE, BIG CRK1, DEL SUR, FRAZPARK, GOLETA, GORMAN, GREATLKS, HELIJET, LANCSTR, LANPRI, LITTLERK, MOORPARK, NEENACH, OASIS SC, OSO, PALMDALE, PIUTE, PSTRIA, PURIFY, QUARTZHL, RECTOR, REDMAN, RITE AID, RITTER, ROCKAIR, ROSAMOND, S.CLARA, SAUGUS, SHUTTLE, SPRINGVL, TORTOISE, VESTAL, WESTPAC, and WILSONA.

“Bid” shall have the meaning in the CAISO Tariff.

“Bundled Service Customer” means a customer of Buyer as a utility distribution company who takes bundled services from Buyer as a utility distribution company including having all its power requirements purchased by Buyer.

“Business Day” means a day that is not a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday immediately following the U.S. Thanksgiving holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant Party’s principal place of business. The relevant Party, in each instance unless otherwise specified, shall be the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

“Buyer” has the meaning set forth in the preamble.

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

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

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

“Capacity Baseline” means a CAISO baseline as applicable to the PDR(s) in the DRAM Resource, as specified in the CAISO Tariff and approved by the CPUC for retail settlement purposes in the DRAM, and as limited by the following: (i) a day matching customer load ten-in-ten baseline with a twenty percent (20%) cap; (ii) a weather matching baseline with a forty percent (40%) cap; (iii) the use of control groups; and (iv) a five-in-ten baseline for residential

customers, with a forty percent (40%) cap, as utilized for the calculation of Qualifying Capacity and Demonstrated Capacity, and for CAISO settlements, in accordance with Section 1.6 of this Agreement.

“Capacity Procurement Mechanism” has the meaning set forth in the CAISO Tariff.

“Cash” means U.S. Dollars held by or on behalf of Buyer as Performance Assurance hereunder.

“Cash Interest Rate” means the Federal Funds Effective Rate - the rate for that day opposite the caption ‘Federal Funds (Effective)’ as set forth in the weekly statistical release designated as H.15 (519), or any successor publication, published by the Board of Governors of the Federal Reserve System.

“Claiming Party” has the meaning set forth in Article 14.

“Commission” or “CPUC” means the California Public Utilities Commission, and all divisions thereof, or any successor thereto.

“Compliance Showing(s)” means the RAR compliance or advisory showings (or similar or successor showings), that an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, to the CAISO pursuant to the CAISO Tariff, or to any Governmental Body having jurisdiction.

“Contract Price” means the price for each type of Product as specified in Exhibit B for each Showing Month.

“CPM Capacity” has the meaning set forth in the CAISO Tariff.

“CPUC Approval” means a decision of the CPUC that (i) is final and no longer subject to appeal, which approves the Agreement in full and in the form presented on terms and conditions acceptable to both Parties, including without limitation terms and conditions related to cost recovery and cost allocation of amounts paid to Seller under the Agreement; (ii) does not contain conditions or modifications unacceptable to both Parties; and (iii) finds that any procurement pursuant to this Agreement satisfies the requirement to procure preferred resources under Commission Decision 13-02-015.

“CPUC Decisions” means Commission Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-031, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 09-12-053, 10-06-036, 10-12-038, 11-06-022, 11-10-003, 12-06-025, 13-02-006, 13-04-013, 13-06-024, 14-03-026, 14-06-050, 14-12-024, 15-02-007, 15-06-063, 19-07-009, 19-06-026, 19-12-040 and any other existing or subsequent decisions, resolutions, or rulings related to Resource Adequacy, including, without limitation, the CPUC RA Filing Guide, in each case as may be amended from time to time by the CPUC.

“CPUC RA Filing Guide” is the 2019 annual document issued by the Commission which sets forth the guidelines, requirements and instructions for LSE’s to demonstrate compliance with the Commission’s Resource Adequacy program.

**Credit Rating** means, with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by the Ratings Agencies.

**Customer** means a person or entity that is either a: (i) Bundled Service Customer; (ii) community choice aggregation customer or direct access customer who would otherwise be eligible to be a Bundled Service Customer; or (iii) Unbundled Service Customer.

**Customer and Personal Confidential Information** means (i) personal information as defined in California Civil Code section 1798.140(o); (ii) Customer specific information as defined in CPUC rules and decisions which does not meet the CPUC's aggregation standards in CPUC D.14-05-016 for non-Residential Customers of at least fifteen (15) Customers with no Customer comprising fifteen percent (15%) or more of the data and for Residential Customers of at least one hundred (100) Customers per zip code (CPUC aggregation standards), (iii) all written materials marked "Confidential", "Proprietary" or with words of similar import provided to the receiving Party; and (iv) any calculations and the results of such calculations involving the Customer and Personal Confidential Information disclosed by the disclosing Party that does not meet the CPUC's aggregation standards. The Customer and Personal Confidential Information includes portions of documents, records and other material forms or representations which the receiving Party may create, including but not limited to handwritten notes or summaries, that contain or are derived from such Customer and Personal Confidential Information.

**Customer Data Access Systems** has the meaning described in CPUC Decision 13-09-025.

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

**Day-Ahead Schedule** has the meaning set forth in the CAISO Tariff.

**DC Dispatch** means a Dispatch of a PDR in the DRAM Resource in the CAISO market, in accordance with the CAISO Tariff, for a duration of (i) one (1) hour within the Availability Assessment Hours for all Showing Months except the Showing Month of August or (ii) two (2) consecutive hours within the Availability Assessment Hours for the Showing Month of August that is used to demonstrate capacity; provided that, such two (2) consecutive hours requirement may be satisfied by a combination of a DC Dispatch and a DC Test.

**DC-QC Ratio** has the meaning set forth in Section 4.1.

**DC Test** means a capacity test of a PDR in the DRAM Resource for one hundred percent (100%) of such PDR's Qualifying Capacity for the applicable Showing Month (where such Qualifying Capacity has been submitted in Seller's Supply Plan for that Showing Month), with a duration of at least two (2) consecutive Availability Assessment Hours, conducted by the Seller's SC during the applicable Showing Month, in accordance with the CAISO Tariff and D.14-06-050, Appendix B, that is used to demonstrate capacity.

**Default Adjustment Value** has the meaning set forth in Section 7.2(b)(v)(B), CPUC Resolution E-4838, and CPUC Resolution E-4906.

**“Defaulting Party”** has the meaning set forth in Section 9.1.

**“Delivered Capacity Payment”** has the meaning described in and is calculated pursuant to Section 4.1.

**“Delivered Energy Quantity”** or **“DEQ”** has the meaning set forth in Section 1.7 and Exhibit E.

**“Delivery Period”** has the meaning set forth in Section 1.3.

**“Demand Response Provider”** or **“DRP”** has the meaning in the CAISO Tariff.

**“Demonstrated Capacity”** has the meaning set forth in Section 1.6(a).

**“Dispatch”** means the act of reducing all or a portion of the electrical consumption of the PDR pursuant to a Dispatch Instruction.

**“Dispatch Instruction”** has the meaning in the CAISO Tariff.

**“Dispute”** means any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to the terms of this Agreement, or to either Party’s performance or failure of performance under this Agreement.

**“Distributed Energy Resource Aggregation”** has the meaning in the CAISO Tariff.

**“Diverse Business Enterprises”** or **“DBE”** means Women, Minority, Disabled Veteran (WMDV) and Lesbian, Gay, Bisexual and Transgender (LGBT) Business Enterprises as defined in CPUC General Order 156.

**“DRAM”** means the Demand Response Auction Mechanism, which is a procurement mechanism during 2021 for the Product as described in CPUC D.14-12-024, D.17-10-017, D.19-07-009 and D.19-12-040.

**“DRAM Resource”** means the sum of the PDR(s) that Seller identifies pursuant to Section 1.4 that will provide Product to Buyer.

**“DRAM Resource Customer”** is a Bundled Service Customer or Unbundled Service Customer account at the Service Account Identification level that is included in the DRAM Resource.

**“Early Termination Date”** has the meaning set forth in Section 9.2(a).

**“EFC”** shall mean Effective Flexible Capacity as defined in the CAISO Tariff.

**“Event of Default”** has the meaning set forth in Section 9.1.

**“Execution Date”** has the meaning set forth in the preamble.

**“Executive(s)”** has the meaning set forth in Section 10.2.

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

“Financial Consolidation Requirement” has the meaning set forth in Section 5.7(a).

“Fitch” means ~~Fitch Ratings Ltd. or its successor.~~

“Flexible Capacity” means any and all flexible Resource Adequacy attributes associated with the PDR(s) designated by Seller pursuant to Section 1.4, as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward Flexible RAR, and which may be (i) exclusive of Local Capacity and (ii) be in Flexible Category 1 (base flexibility), 2 (peak flexibility) or 3 (super-peak flexibility) as described in the CAISO Tariff.

“Flexible RAR” means the flexible Resource Adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction.

“Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall not be based on (i) the loss of Buyer’s markets; (ii) Buyer’s inability economically to use or resell the Product purchased hereunder; (iii) the loss or failure of Seller’s supply; (iv) Seller’s ability to sell the Product at a greater price; (v) a failure of performance of any other entity that is not a Party, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event; or (vi) breakage or malfunction of equipment, except to the extent that such failure was caused by an event that would otherwise qualify as a Force Majeure event.

“GAAP” means United States generally accepted accounting principles as in effect from time to time, consistently applied.

“Governmental Body” means any federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

“IFRS” means the International Financial Reporting Standards.

“Initial Negotiation End Date” has the meaning set forth in Section 10.2.

“Interest Amount” means with respect to a Party and an Interest Period, the sum of the daily interest amounts for all calendar days in such Interest Period; each daily interest amount to be determined by such Party as follows: (i) the amount of Cash held by such Party on that day; multiplied by (ii) the Cash Interest Rate for that day, divided by (iii) 360.

“Interest Period” means the period from (and including) the last Business Day on which an Interest Amount was Transferred by a Party (or if no Interest Amount has yet been Transferred by such Party, the Business Day on which Cash was Transferred to such Party) to (but excluding) the Business Day on which the current Interest Amount is to be Transferred.

"JAMS" has the meaning set forth in Article 10.3.

"Joint Resource" means respectively a PDR which includes DRAM Resource Customers registered by the Seller (or its DRP) and other customers registered by another aggregator (or its DRP) who are not considered part of the respective PDR for purposes of meeting Seller's obligations under this Agreement.

"LA Basin LCA Substations" means the following substations located in the CAISO area: ALMITOSW, AMERON, BANNING, BARRE, BOTTLE, CABAZON, CARODEAN, CENTER, CHEVMAIN, CHINO, CONCHO, DELAMO, DEVERS, EAGLROCK, EISENHOW, EL CASCO, EL NIDO, ELLIS, ETIWANDA, FARREL, GARNET, GOODRICH, GOULD, HI DESER, HINSON, IEEC-G1, IEEC-G2, INDIAN W, JOHANNA, LA FRESA, LAGUBELL, LCIENEGA, LITEHIPE, LTHRNECK, LWIS ANM, MARASCHI, MESA CAL, MIRALOMA, OLINDA, PADUA, RIOHONDO, SANBRDNO, SANTA RO, SANTIAGO, SONG2XR1, SONG2XR2, SONG2XU1, SONG2XU2, SONG3XR1, SONG3XR2, SONG3XU1, SONG3XU2, TAMARISK, THORNHIL, VALLEY-S, VALLEYSC, VIEJO66, VILLA PK, VSTA, WALNUT, WINTEC8, WINTECX1, WINTECX2, YUCCA, and ZANJA.

"LCA Customers" means a Customer that either (i) directly takes or receives electricity services from Buyer's LCA or (ii) directly takes or receives electricity services from a lower voltage substation that electrically connects to Buyer's LCA.

"Letter of Credit" means an irrevocable, nontransferable standby letter of credit, substantially in the form of Exhibit I and acceptable to Buyer, provided by Seller from an issuer acceptable to Buyer that is either a U.S. financial institution or a U.S. commercial bank or a U.S. branch of a foreign bank with such financial institution or the bank (i) having (a) ~~Credit Ratings of at least "A-" by S&P, "A" by Fitch and "A3" by Moody's, if such entity is rated by the Ratings Agencies;~~ (b) ~~if such entity is rated by only two of the three Ratings Agencies,~~ a Credit Rating ~~from two of the three Ratings Agencies~~ of at least "A-", with a stable designation ~~by~~ from S&P, if such entity is rated by S&P, "A" by Fitch, if such entity is rated by Fitch, and "A3" with a stable designation by Moody's, if such entity is rated by both S&P and Moody's; or (eb) ~~a Credit Rating of at least "A-, with a stable designation" by S&P or "A3, with a stable designation" by Moody's, or "A" by Fitch~~ if such entity is rated by only one Ratings Agency; and (ii) having shareholder equity (determined in accordance with generally accepted accounting principles) of at least \$1,000,000,000.00 (ONE BILLION AND 00/100 DOLLARS). Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit.

"Letter of Credit Default" means with respect to a Letter of Credit, the occurrence of any of the following events: (ia) the issuer of such Letter of Credit shall fail to maintain a Credit Rating of at least ~~(A) "A-" by, with a stable outlook designation from~~ S&P, ~~"A" by Fitch~~, and "A3" ~~by, with a stable outlook designation from~~ Moody's, if such issuer is rated by ~~the Ratings Agencies~~ both S&P and Moody's, (B) "A-" by S&P, ~~"A" with a stable outlook designation, if such issuer is rated only~~ by ~~Fitch~~ S&P, or "A3" by Moody's with a stable outlook designation, if such issuer is rated only by ~~only two of the Ratings Agencies~~, or (C) "A" by S&P, "A" by Fitch, or "A3" by Moody's, if such issuer is rated by ~~only one Ratings Agency~~ Moody's; (ib) the issuer of the Letter of Credit shall fail to comply with or perform its obligations under such Letter of Credit; (ic) the issuer of such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in

whole or in part, or challenge the validity of, such Letter of Credit; (~~ivd~~) such Letter of Credit shall expire or terminate, or shall fail or cease to be in full force and effect at any time during the Term of the Agreement, in any such case without replacement; or (~~ve~~) the issuer of such Letter of Credit shall become Bankrupt; *provided*, no Letter of Credit Default shall occur or be continuing in any event with respect to a Letter of Credit after the time such Letter of Credit is required to be canceled or returned to a Party in accordance with the terms of this Agreement.

**“Local Capacity”** means any and all Resource Adequacy attributes or other locational attributes associated with the PDR(s) designated by Seller and comprised of LCA Customers pursuant to Section 1.4, from a Local Capacity Resource (as defined in CAISO Tariff) in Buyer’s Local Capacity Area, as applicable and as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward Local RAR, which may be exclusive of any Flexible Capacity, as applicable to the Product.

**“Local Capacity Area”** or **“LCA”** means the areas where LCA Customers are electrically interconnected to any of the LA Basin LCA Substations and/or the Big Creek/Ventura LCA Substations.

**“Local RAR”** means the local Resource Adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction. Local RAR may also be known as local area reliability, local Resource Adequacy, local Resource Adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

**“LSE”** means load-serving entity.

**“Manager”** has the meaning set forth in Section 10.2.

**“Mediator”** has the meaning set forth in Section 10.3.

**“Merger Event”** means, with respect to a Party, that such Party consolidates or amalgamates with, merges into or with, or transfers substantially all its assets to another entity and (i) the resulting entity fails to assume all the obligations of such Party hereunder, or (ii) the resulting entity’s creditworthiness is materially weaker than that of such Party immediately prior to such action. The creditworthiness of the resulting entity shall not be deemed to be ‘materially weaker’ so long as the resulting entity maintains a Credit Rating of at least that of the applicable Party, as the case may be, immediately prior to the consolidation, merger or transfer.

**“Milestone”** has the meaning set forth Section 3.3(b).

**“Monthly Contracted Quantity”** means the respective amount of each type of Product set forth in Exhibit B that Seller has agreed to provide to Buyer from the DRAM Resource for each day of the respective Showing Months.

**“Monthly Quantity”** means the aggregate amount of all Monthly Contracted Quantities set forth in Exhibit B that Seller has agreed to provide to Buyer from the DRAM Resource for each day of the respective Showing Months for the respective types of Product.

“Moody’s” means Moody’s Investors Service, Inc. or its successor.

“Must-Offer Obligation” or “MOO” means Seller’s obligation to Bid or cause Seller’s SC to Bid the DRAM Resource into the CAISO Markets based on the type of Product and in accordance with the CAISO Tariff.

“NQC” shall mean Net Qualifying Capacity as defined in the CAISO Tariff.

“Notification Time” means the 10:00 a.m. Pacific Prevailing Time on a Business Day.

“Non-Competitive Behavior” means bidding behavior providing clear evidence of market manipulation or collusion.

“Non-Defaulting Party” has the meaning set forth in Section 9.2.

“Notice” means notices, requests, statements or payments provided in accordance with Article 8.

“Partial DC Dispatch” has the meaning set forth in Section 1.6(a)(i).

“Performance Assurance” has the meaning set forth in Section 5.1(a). Performance Assurance must be in the form of Cash or Letter of Credit. Any Cash received and held by Buyer after drawing on any Letter of Credit will constitute Performance Assurance in the form of Cash.

“Potential Event of Default” means an event which, with Notice or passage of time or both, would constitute an Event of Default.

“Procurement Review Group” has the meaning set forth in Section 13.1.

“Product” means either System Capacity, Local Capacity and/or Flexible Capacity. The particular type of Product sold by Seller to Buyer under this Agreement is specified in Table 1.1(b). Buyer and Seller will have separate agreements for separate products and will combine multiple awards of the same product into one agreement at a weighted average price.

“Progress Report” has the meaning set forth in Section 3.3(b).

“Prohibited Resource” means a distributed generation technology using diesel, natural gas, gasoline, propane, or liquefied petroleum gas, in topping cycle Combined Heat and Power (CHP) or non-CHP configuration. The following resources are exempt: pressure reduction turbines and waste-heat-to-power bottoming cycle CHP, resources using renewable fuels (i.e. renewable gas, renewable diesel, and biodiesel) that have received certification from the California Air Resources Board, as well as energy storage resources not coupled with fossil fueled resources.

“Proxy Demand Resource” or “PDR” has the meaning in the CAISO Tariff.

“QC De-Rate Notice” shall have the meaning set forth in Section 3.1(b).

“QC Implementation Guidelines” has the meaning set forth in Section 3.1(a)(ii).

**“Qualifying Capacity”** means the load reduction for each PDR in the DRAM Resource, calculated utilizing the Capacity Baseline, consistent with the QC Implementation Guidelines, the CPUC Decisions and the CAISO Tariff.

**“RAR”** means the Resource Adequacy requirements established for LSEs by the Commission pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Body having jurisdiction, or successor program requirements.

**“Ratings Agency”** means any of S&P,<sup>or</sup> Moody’s,<sup>and</sup> Fitch (collectively the ‘Ratings Agencies’).

**“Referral Date”** has the meaning set forth in Section 10.2.

**“Required Energy Quantity”** or **“REQ”** has the meaning set forth in Section 1.7 and Exhibit E.

**“Residential Customer”** means a DRAM Resource Customer which is a Single Family or Multi-Family Dwelling customer on a Domestic rate, including RV Parks, Residential Hotels, and Mobile Home Parks and includes electric vehicle charging for customers on Domestic Rate if separately metered, as such capitalized terms are defined in Rule 1.

**“Residential Customer Product”** means Product that is comprised solely of Residential Customers and Small Commercial Customers; *provided* that the percentage of Residential Customers in the PDR(s) constituting the DRAM Resource is equal to or greater than ninety percent (90%). Where multiple PDRs, or portions thereof, are used to meet Seller’s Demonstrated Capacity obligations, the percentage requirements apply in the aggregate, based on the total number of PDR Customer service accounts in the DRAM Resource used to show Demonstrated Capacity.

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

**“Resource Adequacy”** and **“Resource Adequacy Benefits”** have the meanings set forth in the CPUC Decisions.

**“Revenue Quality Meter Data”** means interval meter data that has been validated, edited, and estimated in accordance with the Direct Access Standards for Metering and Meter Data as described in Rule 22.

**“Rule 24”** means Direct Participation Demand Response:  
[https://www.sce.com/NR/sc3/tm2/pdf/Rule\\_24.pdf](https://www.sce.com/NR/sc3/tm2/pdf/Rule_24.pdf).

**“S&P”** means Standard & Poor’s Financial Services LLC, or its successor.

**“SAID”** or **“Service Account Identification”** means a Buyer specific identifier or number for tracking energy service deliveries for a specific load through one or more meters at a customer premises or location as described in Rule 1.

**“Scheduling Coordinator”** or **“SC”** has the meaning set forth in the CAISO Tariff.

**“Seller”** has the meaning set forth in the preamble.

**“Settlement Amount”** means the sum of the estimated Delivered Capacity Payments for all of the remaining Showing Months of the original Delivery Period as in effect prior to such early termination, including the current Showing Month if not invoiced pursuant to Section 4.2, as of the Early Termination Date, with such estimated Delivered Capacity Payments being based on the sum of the applicable Monthly Contracted Quantity times the applicable Contract Price for each type of Product.

**“Shortfall Capacity”** means the amount of capacity with respect to the Monthly Contracted Quantity for a type of Product for any portion of a Showing Month which was shown by Buyer in its Compliance Showing that CAISO determines requires outage replacement in accordance with Section 40.7 of the CAISO Tariff.

**“Showing Month”** shall be each day of each calendar month of the Delivery Period that is the subject of the Compliance Showing, as set forth in the CPUC Decisions and outlined in the CAISO Tariff. For illustrative purposes only, pursuant to the CAISO Tariff and CPUC Decisions in effect as of the Execution Date, the monthly Compliance Showing made in June is for the Showing Month of August.

**“Small Commercial Customer”** means a DRAM Resource Customer which is a non-Residential Customer with monthly maximum demand of 20 kW or less, including agricultural/pumping customers (PA-1, PA-2, TOU-PA-2 rates) and TOU-EV3, service to electric charging facilities with monthly maximum demand of 20 kW or less. Excludes customers on rate schedules for fixed usage and unmetered service (Schedules LS-1, LS-2, OL-1, TC-1, Wi-Fi-1, and WTR).

**“SubLAP”** means the geographic location corresponding to each customer service account within the distribution network located in Buyer’s service territory.

**“Successor”** means any successor accounting practices to GAAP or IFRS.

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

**“System Capacity”** means system Resource Adequacy Benefits associated with the PDR(s) designated by Seller pursuant to Section 1.4, as such attributes may be identified from time to time by the CPUC, CAISO, or other Governmental Body having jurisdiction, that can be counted toward RAR, which may be exclusive of any Local Capacity and Flexible Capacity as indicated on Table 1.1(b).

**“Term”** has the meaning set forth in Section 1.2.

**“Termination Payment”** means the sum of all amounts owed by the Defaulting Party to the Non-Defaulting Party under this Agreement, which shall include the Settlement Amount, less any amounts owed by the Non-Defaulting Party to the Defaulting Party determined as of the Early Termination Date. If Buyer is the Non-Defaulting Party and reasonably expects to incur penalties, fines or costs from the CPUC, the CAISO, or any other Governmental Body, then Buyer may estimate the penalties or fines and include them in the Termination Payment amount.

**“Transfer”** means, with respect to any Performance Assurance or Interest Amount, and in accordance with the instructions of the Party entitled thereto: (i) in the case of Cash, the payment

or transfer by wire transfer into one or more bank accounts specified by the recipient; (ii) in the case of Letters of Credit, delivery of the Letter of Credit or an amendment thereto to the recipient.

**“Unbundled Service Customer”** means a retail customer of the Buyer acting as a utility distribution company, who takes and receives its electrical power requirements from a different Load Serving Entity that is not the Buyer, pursuant to CPUC Rule 22 Direct Access or Rule 23 Community Choice Service.

**“Undelivered Energy Penalty”** has the meaning set forth in Section 1.7.

**“Verification Administrator”** has the meaning set forth in CPUC Resolution E-4838 and CPUC Resolution E-4906.

A-13

**EXHIBIT B**  
**MONTHLY CONTRACTED QUANTITY**  
**AND**  
**CORRESPONDING CONTRACT PRICE**

Showing Month	Product [Insert]	[Year]
	Monthly Quantity (kW for each day of Showing Month)	Contract Price (\$/kW-month)
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		

*[Parties to complete one table for each type of Product indicated in Table 1.1(b) and accepted bid information.]*

**EXHIBIT C-1**

## **Form of Notice of Demonstrated Capacity**

## **EXHIBIT C1 - Notice of Demonstrated Capacity (QC)**

**For use with System and Local Capacity Product**

### Demand Response Auction Mechanism (DRAM)

Showing Month: \_\_\_\_\_  
Seller: \_\_\_\_\_  
Seller Contact Name: \_\_\_\_\_  
Seller Contact Phone: \_\_\_\_\_  
SCID: \_\_\_\_\_  
Local Capacity Area (LCA): \_\_\_\_\_

Total "**Monthly Quantity**" (MW): **0.00 MW**  
Total "**Demonstrated Capacity**" (MW): **0.00 MW**  
**Residential Product** (Yes / No): **No**

Therefore, in Delivered Capacity Payment formula, "B" = **0.00 MW**

The information provided by Seller in this Notice of Demonstrated Capacity is required by Section 1.6 of the DRAM Resource Purchase Agreement with <insert IOU name>.

<sup>1</sup>A combination of a market dispatch and test could be used to satisfy the August two consecutive hour requirement if the CAISO market dispatch does not cover the two consecutive hours.

**EXHIBIT C-2**

**Form of Notice of Demonstrated Capacity**

## **EXHIBIT C2 - Notice of Demonstrated Capacity (EFC)**

## Demand Response Auction Mechanism (DRAM)

**For use with Flexible Capacity Product**

Showing Month: \_\_\_\_\_

Seller:

Seller Contact Name: \_\_\_\_\_

Seller Contact Phone:

SCID:

Local Capacity Area (LCA):

(mark "n/a" if not a Local Capacity product)

Total "**Monthly Quantity**"<sup>▲</sup> (MW): \_\_\_\_\_

Total "Demonstrated Capacity" (MW): 0.00 MW

**Residential Product (Yes / No):**

Therefore: in Delivered Capacity Payment formula, "B" = **\*\*\*\*\***

.....

The information provided by Seller in this Notice of Demonstrated Capacity is required by Section 1.6 of the DRAM Resource Purchase Agreement with <insert IOU name>.

<sup>1</sup>A combination of a market dispatch and test could be used to satisfy the August two consecutive hour requirement if the CAISO market dispatch does not cover the two consecutive hours.

**EXHIBIT D**  
**COMMUNICATION PROTOCOLS FOR DATA ISSUES**  
**(D.19-12-040, OP 26)**

[The IOUs note that OP 27 of D.19-12-040 outlines an Energy Division led process to develop this reporting template that shall be ready for use in the 2021 DRAM. As this process has not been finalized, the IOUs are including D.19-12-040 language as a placeholder, but plan to incorporate the Energy Division approved template once it has been finalized.]

Below are the approved Protocols for Data Issues Communication - DRAM Sellers must use the most current version of the Final DRAM Template, “Data Issue Reporting” (originally published March 13, 2020).

- Buyer and Seller shall each designate a point of contact for all data delivery inquiries and notify the Commission’s Energy Division, the Buyer, and the Seller of any changes to this point of contact.
- Buyer shall facilitate a monthly call for Seller to report data issues.
- Seller shall perform troubleshooting prior to notifying Buyer of any data issues including:
  - a) verifying the Application Programming Interface data request was correctly formatted;
  - b) verifying Seller’s customer lists are updated, including removing customers whose service accounts have been closed; and
  - c) verifying that missing data is not a result of a planned or unplanned outage where Buyer has notified Seller.
- Seller shall notify Buyer of data errors using the standardized data template finalized by the Commission’s Energy Division pursuant to OP 27 of D.19-12-040, as the same may be modified from time to time.
- Buyer shall confirm receipt of Seller’s inquiry and provide an estimated time of resolution of the inquiry within two (2) Business Days after receipt thereof.
- Buyer shall update Seller on a regular basis and when the estimated time of resolution could change.
- Buyer shall confirm resolution of the inquiry and data delivery.

[~~INSERT STANDARDIZED TEMPLATE FOR REPORTING DATA ERRORS~~]

**EXHIBIT E**  
**MINIMUM ENERGY DISPATCH REQUIREMENTS**  
**(D.19-12-040 Attachment 1, Appendix C)**

[The IOUs note that OP 4 of D.19-12-040 outlines an Energy Division-led process to develop this reporting template that shall be ready for use in the 2021 DRAM. As this process has not been finalized, the IOUs are including D.19-12-040 Attachment 1, Appendix C as a placeholder, but plan to incorporate the Energy Division-approved template once it has been finalized.]

[Below are the approved Requirements for Minimum Energy Dispatch Requirements – DRAM Sellers must use the most current version of the Final DRAM Templates, ‘Required Energy Quantity – A/B’\(originally published March 13, 2020\).](#)

1. Demand Response Auction Mechanism (Auction Mechanism) resources must deliver at least 30 megawatt hours (MWh) per megawatt (MW) of average Qualifying Capacity (AQC). We define this as the Required Energy Quantity (REQ) for the Auction Mechanism resources. The average Qualifying Capacity is the average of three highest Qualifying Capacity months on the month ahead Supply Plans associated with an Auction Mechanism contract.
2. The required energy quantity shall be delivered during the contracted months and during the Availability Assessment Hours.
3. Sellers shall submit documentation to the contracted Utility showing California Independent System Operator (CAISO) settlements for the delivery of the required energy quantity (DEQ), along with the calculation of average Qualifying Capacity, at the time of their last Demonstrated Capacity Invoice submission or when they have received sufficient Revenue Quality Meter Data, whichever is earlier. To protect the confidentiality of market related data, Sellers may omit price and revenue data.
4. If the required energy quantity (REQ) is not delivered by the end of the contract term, Sellers will be assessed a penalty based on the following calculation applicable at the aggregate level associated with an Auction Mechanism contract:

Undelivered Energy Penalty (\$) = \$10,000/MW x Average Qualifying Capacity (AQC) x (1 – delivered energy quantity (DEQ) / required energy quantity (REQ)),

where the delivered energy quantity is the cumulative energy delivered by the applicable aggregate resources associated with an Auction Mechanism contract during the contracted months and during the Availability Assessment Hours.

## EXHIBIT F

## **Form of Notice of Showing Month Supply Plan**

**EXHIBIT G**  
**IMPLEMENTATION GUIDELINES FOR QUALIFYING CAPACITY**  
**(D.19-07-009 Appendix A)**

[The IOUs note that D.19-12-040 outlines an Energy Division led process to develop this reporting template that shall be ready for use in the 2021 DRAM. As this process has not been finalized, the IOUs are including D.19-12-040 language as a placeholder, but plan to incorporate the Energy Division approved template once it has been finalized.]

Below are the approved Guidelines for Qualifying Capacity – DRAM Sellers must use the most current versions of the Final DRAM Templates, “QC Supporting Data-Monthly” and “QC Monthly-Historical Data” (originally published March 13, 2020).

- A. Sellers should provide the following details to the Utility for demand response resources being offered, with the auction capacity bid submission no later than ten (10) business days before the year-ahead filings and monthly Supply Plans are due for the Seller:
  1. Customer class (or percent of mix): Residential, Non-residential
  2. Nature of load being aggregated: such as, whole house, Air Conditioning load, storage, building load, pumps, Electric Vehicles, or other (describe)
  3. Dispatch method: automated via cloud control, or other (describe)
  4. Projected number of Service Accounts, including a breakdown of the active and registered number of Service Accounts within the total projected service account numbers
  5. Projected aggregated load (if storage based, projected aggregated capacity)
  6. Projected percentage of load impact or reduction (if storage based, projected percentage of capacity delivered)
  7. Supporting historical performance data for A.6 (from a prior test or market dispatch for a demand response resource with similar characteristics as A.1, A.2, and A.3). Where historical data is not available, the Provider should reference suitable publicly available performance data that best represents the anticipated performance of the resource. Along with the supporting performance data, the following details for the resource associated with the supporting performance data should be provided to establish similar characteristics:
    - a. Customer class (or percentage mix): Residential, Non-residential
    - b. Nature of load being aggregated: such as, whole house, Air Conditioning load, storage, building load, pumps, Electric Vehicles, or other (describe)
    - c. Dispatch method: automated via cloud control, or other (describe)
    - d. Number of Service Accounts
    - e. Aggregated load (if storage based, aggregated capacity)
    - f. Percentage of load impact or reduction delivered (if storage based, percentage of capacity delivered.)
  8. Estimated Qualifying Capacity = A.5 x A.6

- B. Qualifying Capacity estimates should be provided for the resource adequacy measurement hours and are expected to align with the CAISO Availability Assessment Hours.
- C. The same baseline must be used for estimation of Qualifying Capacity at different stages of the contract.
- D. To the extent the projected percentage load impact for capacity delivered in A.6 deviates from the supporting data in A.7, the Provider should provide supplemental information to explain the reasonableness of the resulting “Estimated Qualifying Capacity” provided in A.8.
- E. To the extent the contract/ resource consists of heterogenous combination of load types (in terms of A.1 through A.3 characteristics), the Provider could subdivide the contract/resource and provide the above information for each component and apply a weighted average to estimate Qualifying Capacity in A.8.
- F. For auction bid submissions and the year-ahead resource adequacy filing, it is sufficient to provide the above information for the month with the highest megawatts. For monthly resource adequacy Supply Plan submissions, the above information should correspond to the actual delivery month.
- G. At the auction bid submissions and the year-ahead resource adequacy filing, it is sufficient to provide the above information at the contract level. For monthly resource adequacy Supply Plan submissions, the above information must be provided at the resource level.

**EXHIBIT H**

**MILESTONE SCHEDULE AND FORM OF PROGRESS REPORT**

~~[The IOUs note that OP 28 also outlines an Energy Division led process to develop a reporting template that shall be ready for use in the 2021 DRAM. As this process has not been finalized, the IOUs are submitting their latest draft of the milestones template in this advice letter, but plan to update it once it has been finalized.]~~

The

A list of milestones and completion dates for the DRAM Resource (“Milestone Schedule”) is as follows: [DRAM Sellers must use the most current version of the Final DRAM Template, ‘Milestone Progress’ originally published March 13, 2020.](#)

Category/Submission Date	Milestone
<b>CAISO Registration Milestones:</b> <b>Deadline for achievement of each Milestone is forty-five (45) calendar days prior to Seller's first Supply Plan submission</b>	
	Seller or its Scheduling Coordinator registers as a CAISO Demand Response Provider, including execution of a Demand Response Provider Agreement
	Seller has become or has contracted with a Scheduling Coordinator or CAISO Demand Response Provider and has identified the name of the Scheduling Coordinator
	Seller or its Scheduling Coordinator has completed other CAISO requirements, including executing a Meter Service Agreement (MSA SC) and obtaining Demand Response Registration System (DRRS) access
	Seller or Scheduling Coordinator has registered a resource pursuant to Section 4.13 of the CAISO tariff and applicable CAISO business practice manuals and received NQC approval from the CAISO
	Seller has attested to having reviewed the CAISO’s Demand Response User Guide
<b>Utility Data Systems Integration Milestones:</b> <b>Deadline for achievement of each Milestone is forty-five (45) calendar days prior to Seller's first Supply Plan submission</b>	
	Seller has completed Utility Onboarding Process for Rule 24/32
	Seller has completed registration with Buyer’s data sharing platform and completed all connectivity requirements
	Seller has obtained a Click-Through authorization and/or submitted a Customer Information Service Request Demand Response Provider form for processing

	Seller has utilized Buyer's Application Programming Interface to obtain the full Rule 24/32 data set for a customer authorization
<b>Commission Registration Milestones:</b> <b>Deadline for achievement of each Milestone is forty-five (45) calendar days prior to Seller's first Supply Plan submission</b>	
	Seller has executed the Demand Response Service Provider Registration Application Form
	Seller has signed a notarized Commission registration form
	Seller has paid the \$100 fee
	If Seller includes residential customers in its aggregation, Seller has received approval for the customer letter and posted the bond
	Seller has obtained a Commission registration certificate or registration has been published on the Commission's website
<b>Resource Adequacy Milestones: Deadline for achievement of each Milestone is set forth in Exhibit F, "Implementation Guidelines for Qualifying Capacity"</b>	
	Prior to first month of meeting Qualifying Capacity requirements, Seller has had phone call with Buyer to discuss resource creation and progress
	Seller has submitted Qualifying Capacity information in a timely manner

From the Effective Date of this Agreement and continuing until the commencement of the Delivery Period, Seller shall provide a monthly Progress Report containing, at a minimum, the information listed below, as applicable. In accordance with Section 3.3(b), the report must be sent via e-mail in the form of a single Adobe Acrobat file or facsimile to Buyer, on the fifth tenth (510th) Business Daycalendar day of each month, or within five (5) calendar days after Buyer's request.

1. An executive summary;
2. An updated Milestone Schedule
3. Chart showing schedule, percent completion, and percent change from previous report of major items and activities;
4. Forecast activities for next month; and
5. Potential issues affecting the DRAM Resource.

**EXHIBIT I**

**Form of Letter of Credit**

**IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT**

Bank Reference Number: \_\_\_\_\_

Issuance Date:

Issuing Bank:  
[insert bank name and address]

Applicant:  
[insert applicant name and address]

**BENEFICIARY:**

Southern California Edison Company  
2244 Walnut Grove Avenue  
GO 1, Quad 2A  
Rosemead, CA 91770  
Attn: Manager of Risk Operations and Collateral Management

Available Amount: [insert amount and spell out]

Expiration Date: [insert date]

Ladies and Gentlemen:

\_\_\_\_\_(the “Bank”) hereby establishes this Irrevocable Nontransferable Standby Letter of Credit (“Letter of Credit”) in favor of Southern California Edison Company, a California corporation (the “Beneficiary”), for the account of \_\_\_\_\_, a \_\_\_\_\_ corporation, also known as ID# \_\_\_\_\_ (the “Applicant”), for the amount stated above (the “Available Amount”), effective immediately.

This Letter of Credit shall be of no further force or effect at 5:00 p.m., California time, on the expiration date stated above or, if such day is not a Business Day (as hereinafter defined), on the next Business Day (as may be extended pursuant to the terms of this Letter of Credit (the “Expiration Date”).

For the purpose hereof, “Business Day” shall mean any day other than:

1. A Saturday or a Sunday,
2. A day on which banking institutions in the city of Los Angeles, California, are required or authorized by Law to remain closed, or
3. A day on which the payment system of the Federal Reserve System is not operational.

It is a condition of this Letter of Credit that the Expiration Date shall be automatically extended without amendment for one (1) year from the Expiration Date hereof or any future Expiration Date unless at least sixty (60) calendar days prior to such Expiration Date, we send notice to you by certified mail or hand delivered courier, at the address stated below, that we elect not to extend this Letter of Credit for any such additional period.

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

1. A copy of this Letter of Credit and all amendments;
2. A copy of the Drawing Certificate in the form of Attachment "A" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary signing as such; and
3. A copy of the Sight Draft in the form of Attachment "B" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary.

Drawings may also be presented by facsimile transmission ("Fax") to fax number [insert number] under telephone pre-advice to [insert number] or alternatively to [insert number]; provided that such Fax presentation is received on or before the Expiration Date on this instrument in accordance with the terms and conditions of this Letter of Credit. It is understood that any such Fax presentation shall be considered the sole operative instrument of drawing. In the event of presentation by Fax, the original documents should not also be presented.

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

This Letter of Credit is not transferable or assignable. Any purported transfer or assignment shall be void and of no force or effect.

All correspondence and any drawings (other than those made by facsimile) hereunder are to be directed to [Bank address/contact].

All notices to Beneficiary shall be in writing and are required to be sent by certified letter, overnight courier, or delivered in person to: Southern California Edison Company, Manager of Risk Operations and Collateral Management, 2244 Walnut Grove Avenue, GO1 Quad 2A, Rosemead, California 91770. Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

Banking charges shall be the sole responsibility of the Applicant.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment. Except in the case of an increase in the Available Amount or extension of the Expiration Date, this Letter of Credit may not be amended or modified without the Beneficiary's prior written consent.

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

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

AUTHORIZED SIGNATURE for Bank

By

Name: [print name] \_\_\_\_\_

Title: [print title] \_\_\_\_\_

**ATTACHMENT A**

DRAWING CERTIFICATE

TO [ISSUING BANK NAME & ADDRESS]

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT  
REFERENCE NUMBER: \_\_\_\_\_

DATE: \_\_\_\_\_

[*insert Beneficiary name*] (the “Beneficiary”), demands [*Issuing Bank Name*] (the “Bank”) payment to the order of the Beneficiary the amount of U.S. \$ \_\_\_\_\_ (\_\_\_\_\_ U.S. Dollars), drawn under the Letter of Credit referenced above (the “Letter of Credit”), for the following reason(s) [check applicable provision]:

- [ ]A. An Event of Default, as defined in that certain Demand Response Resource Purchase Agreement between [*insert counterparty name*] or its successor (the “Counterparty”) and Beneficiary, dated as of [*Date of Execution*] (the “Agreement”) with respect to the Counterparty has occurred and is continuing.
- [ ]B. The Letter of Credit will expire in fewer than twenty (20) Business Days (as defined in the Agreement) from the date hereof, and the Counterparty or its successor has not provided Beneficiary alternative financial security acceptable to Beneficiary.

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

Authorized Signature for Beneficiary:

*[insert Beneficiary name]*

By:

Name: [print name]

Title: [print title]



**ATTACHMENT B**

**SIGHT DRAFT**

[INSERT DATE]

TO:

[ISSUING BANK NAME & ADDRESS]

PAY AT SIGHT TO THE ORDER OF [INSERT BENEFICIARY NAME] (THE ‘BENEFICIARY’) THE AMOUNT OF USD [INSERT AMOUNT] DRAWN UNDER [ISSUING BANK NAME] IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT NUMBER [INSERT NUMBER] ISSUED ON [INSERT DATE].

FUNDS PAID PURSUANT TO THE PROVISIONS OF THE LETTER OF CREDIT SHALL BE WIRE TRANSFERRED TO THE BENEFICIARY IN ACCORDANCE WITH THE FOLLOWING INSTRUCTIONS:

[INSERT WIRING INSTRUCTION]

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AUTHORIZED SIGNATURE  
[INSERT BENEFICIARY NAME]

NAME: [PRINT NAME]

TITLE: [PRINT TITLE]

Document comparison by Workshare 10.0 on Thursday, April 9, 2020 2:54:28 PM

Input:	
Document 1 ID	file:///C:/Users/needhacs/Desktop/SCE DRAM 2021 Pro Forma Purchase Agreement IOU Draft as filed 1-31-20.docx
Description	SCE DRAM 2021 Pro Forma Purchase Agreement IOU Draft as filed 1-31-20
Document 2 ID	file:///C:/Users/needhacs/Desktop/SCE DRAM 2021 Pro Forma Purchase Agreement IOU Draft for filing April 2020.docx
Description	SCE DRAM 2021 Pro Forma Purchase Agreement IOU Draft for filing April 2020
Rendering set	Standard

Legend:	
<u>Insertion</u>	
<del>Deletion</del>	
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<ins>Moved to</ins>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	

Padding cell	
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Statistics:	
	Count
Insertions	65
Deletions	59
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	124

**PG&E Gas and Electric  
Advice Submittal List  
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Redwood Coast Energy Authority
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Regulatory & Cogeneration Service, Inc.
Alta Power Group, LLC	Energy Management Service	SCD Energy Solutions
Anderson & Poole	Engineers and Scientists of California	
Atlas ReFuel	GenOn Energy, Inc.	SCE
BART	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Green Power Institute	SPURR
California Cotton Ginners & Growers Assn	Hanna & Morton	San Francisco Water Power and Sewer
California Energy Commission	ICF	Seattle City Light
California Public Utilities Commission	IGS Energy	Sempra Utilities
California State Association of Counties	International Power Technology	Southern California Edison Company
Calpine	Intestate Gas Services, Inc.	Southern California Gas Company
Cameron-Daniel, P.C.	Kelly Group	Spark Energy
Casner, Steve	Ken Bohn Consulting	Sun Light & Power
Cenergy Power	Keyes & Fox LLP	Sunshine Design
Center for Biological Diversity	Leviton Manufacturing Co., Inc.	Tecogen, Inc.
Chevron Pipeline and Power	Los Angeles County Integrated	TerraVerde Renewable Partners
City of Palo Alto	Waste Management Task Force	Tiger Natural Gas, Inc.
City of San Jose	MRW & Associates	TransCanada
Clean Power Research	Manatt Phelps Phillips	Troutman Sanders LLP
Coast Economic Consulting	Marin Energy Authority	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Utility Specialists
Crown Road Energy, LLC	NLine Energy, Inc.	Water and Energy Consulting Wellhead
Davis Wright Tremaine LLP	NRG Solar	Electric Company
Day Carter Murphy	Office of Ratepayer Advocates	Western Manufactured Housing
Dept of General Services	OnGrid Solar	Communities Association (WMA)
Don Pickett & Associates, Inc.	Pacific Gas and Electric Company	Yep Energy
Douglass & Liddell	Peninsula Clean Energy	