

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



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Application of SOUTHERN CALIFORNIA GAS
COMPANY (U 904 G) Proposing Approval of
Woody Biomass Pilot Project.

A.23-06-XXX

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)
PROPOSING APPROVAL OF WOODY BIOMASS PILOT PROJECT**

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June 30, 2023

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I. INTRODUCTION

Pursuant to Decision (“D.”) 22-02-025 and Rules 2.1-2.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure (“Rules”), Southern California Gas Company (“SoCalGas”) respectfully submits this application (“Application”) proposing approval of a woody biomass pilot project consistent with Senate Bill (“SB”) 1440 (“SB 1440 Pilot Project”). By this Application, SoCalGas complies with the mandate the Commission imposed in D.22-02-025 requiring SoCalGas and Pacific Gas and Electric Company (“PG&E”) to each file an application “proposing at least one woody biomass gasification project focused on conversion of woody biomass to biomethane.”¹

On February 25, 2022, the Commission issued D.22-02-025 directing SoCalGas and PG&E to file an application by July 1, 2023 proposing at least one woody biomass pyrolysis/gasification pilot project that would include procurement of bio-synthetic natural gas (“Bio-SNG”)² from “agricultural, forest, and/or urban wood waste using methanation,” as determined by each utility.³ D.22-02-025 further requires SoCalGas and PG&E to coordinate

¹ D.22-02-025, Ordering Paragraph (“OP”) 43 at 67.

² For purposes of this Application, Bio-SNG and biomethane are considered the same. *See* D.22-02-025 at 2, fn. 1 (“Bio-SNG derives from non-combustion thermal conversion, such as pyrolysis and gasification, of exclusively organic material. The feedstocks generally consist of woody biomass, such as forest waste, agricultural waste, and urban wood waste. Bio-SNG is defined in the R.13-02-008 Phase 4A Staff Proposal as follows: ‘A mixture composed primarily of methane, carbon dioxide, and water produced by chemical conversion (catalytic methanation) of purified and conditioned renewable syngas. Also contains low concentrations of carbon monoxide, hydrogen, and other minor constituents.’”)

³ *Id.*, OP 43 at 67.

such pilot projects with local and state authorities.⁴ Each proposal's project cost must include pipeline extensions to the pilot facilities that should facilitate future potential extension for additional projects.⁵ Each pilot should propose methods for using carbon dioxide ("CO₂") in carbon capture use or storage ("CCUS") rather than venting it to the atmosphere.⁶

Consistent with D.22-02-025 and with the assistance of an independent third party, SoCalGas reviewed the sole proposal that generally met the requirements under D.22-02-025 for the SB 1440 Pilot Project, which was submitted by San Joaquin Renewables LLC ("SJR"). SoCalGas is submitting SJRs proposal for the Commission's approval. This proposed project would be located in Kern County and would use agricultural wood waste, pistachio shells, and almond shells generated in Kern, Kings, and Tulare Counties; SJR would build, own, and operate the project's facility. When operational, the project will convert agricultural waste biomass into about 12.5 million standard cubic feet ("MMscf") per day of biomethane. Once it reaches the interconnection point, the biomethane can be used or sold for a variety of end-uses, such as transportation, utility biomethane procurement, etc.

Furthermore, SoCalGas and SJR are in discussions regarding the potential procurement by SoCalGas of some or all of the biomethane output of the SB 1440 Pilot Project. Any such potential transaction would (1) require that SoCalGas and SJR negotiate, finalize, and enter into a mutually acceptable procurement agreement for such output, and (2) be subject to Commission approval specific to the procurement of biomethane, the renewable thermal credits associated with the output, and confirmation the procurement agreement is fully recoverable in rates. If SoCalGas enters into a procurement agreement with SJR to procure some or all of the biomethane from the SB 1440 Pilot Project, for such procurement, given the characteristics of the feedstock, the procurement should count toward SoCalGas's medium-term SB 1440 procurement target.

SoCalGas acknowledges that woody biomass pilot projects involve nascent technology with inherent construction and operation risks. SoCalGas will collaborate with SJR to support the project's realization with the goal of providing the expected environmental benefits to ratepayers and California.

⁴ *Id.* at 46.

⁵ *Id.*, OP 43 at 67.

⁶ *Id.*

II. BACKGROUND AND POLICY CONTEXT FOR APPLICATION

SB 1440, signed by Governor Brown on September 23, 2018, requires the Commission, in consultation with the California Air Resources Board (“CARB”), to consider adopting specific biomethane procurement targets or goals for each investor-owned utility (“IOU”) providing gas service in California with the intent that such IOU procure its proportionate share, as determined by the Commission, of biomethane annually.

On November 21, 2019, the Commission initiated Phase 4 of Rulemaking (R.) 13-02-008 (“Biomethane Rulemaking”)⁷ to implement SB 1440.⁸

On June 3, 2021, the assigned Administrative Law Judge (“ALJ”) issued a ruling (“Biomethane Procurement Ruling”) directing parties to comment on an Energy Division staff proposal (“Staff Proposal”) recommending establishment of a biomethane procurement program for California’s four gas IOUs.⁹ The Biomethane Procurement Ruling directed parties to address specific questions related to the Staff Proposal and comment on any relevant issues not addressed in it. The Staff Proposal recommended that California’s two largest gas IOUs – SoCalGas and PG&E – submit an Application to the Commission by no later than the end of 2022 for one pilot project each that can convert forest and agricultural waste into biomethane.¹⁰

On February 25, 2022, the Commission issued D.22-02-025 adopting the Staff Proposal’s recommendation requiring the IOUs to submit applications proposing pilot projects that can convert woody biomass into Bio-SNG, and in part modified the Staff Proposal’s recommendations; one of those modifications includes filing the applications by July 1, 2023. D.22-02-025 further mandates that the pilot project proposals should:

- Include pipeline extensions that should facilitate future potential extensions for additional projects;
- “[P]ropose methods for using carbon capture dioxide in carbon capture and storage or use projects rather than venting it to the atmosphere;”
- “[T]est technologies that are capable of expansion and that have significant potential to increase the renewable natural gas supply in the long term;” and

⁷ Order Instituting Rulemaking to Adopt Biomethane Standards and Requirements, Pipeline Open Access Rules, and Related Enforcement Provisions.

⁸ Assigned Commissioner’s Scoping Memo and Ruling Opening Phase 4 of Rulemaking 13-02-008; available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M320/K307/320307147.PDF>.

⁹ Administrative Law Judge’s Ruling Directing Parties to File Comments on Phase 4A Staff Proposal and Related Questions; available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M386/K579/386579735.PDF>.

¹⁰ *Id.*, Attachment 1 (Staff Proposal) at 54.

- “[S]tudy and report fugitive methane, pollutant, and particulate matter emissions and emissions reduction or elimination methods in the gasification or pyrolysis process, the methanation process, and pipeline infrastructure.”¹¹

D.22-02-025 also directs the IOUs to collectively set aside \$40 million from their 2022 Cap-and-Trade Program allowance auction proceeds to fund the pilot projects.¹²

On a broader level, D.22-02-025 imposes a (1) short-term target for the IOUs to procure an aggregate of 17.6 Bcf of biomethane from organic waste, and (2) medium-term target for the IOUs to procure a collective 72.8 Bcf of biomethane by 2030 and beyond (12.2% of throughput for each IOU), inclusive of the biomethane procured to meet the short-term target and all Bio-SNG procurement.¹³

III. SUMMARY OF TESTIMONY

Support for the SB 1440 Pilot Project is provided in the accompanying prepared direct testimony and attachments. The direct testimony consists of two chapters: (1) Policy (Armando Infanzon), and (2) Selection of Pilot Project (James Lucas).

A. Chapter 1: Policy

The Policy Chapter, the direct testimony of Armando Infanzon, provides the historical policy justification and context for the SB 1440 Pilot Project, and how it could be a critical component of California’s climate goals. The chapter also outlines the immediate need to eliminate the burning of agricultural waste to reduce short-lived climate pollutants (“SLCP”) and criteria air pollutants. For context, there is history of biomethane-related pilot projects that have successfully been demonstrated in the dairy cluster pilots established by D.17-12-004 (“SB 1383 Pilot Projects”), which have reduced SLCP emissions. The selected SB 1440 Pilot Project would convert between 400,000 to 500,000 bone dry tons (“BDT”) per year of agricultural waste into biomethane.¹⁴

Furthermore, in issuing its solicitation for the SB 1440 Pilot Project (“SB 1440 Solicitation”), SoCalGas followed the solicitation process of the SB 1383 Pilot Projects as a guideline along with SoCalGas’s standard supply management procurement requirements.

¹¹ D.22-02-025, OP 43 at 68.

¹² *Id.*, OP 43, 44 at 68-69.

¹³ *Id.*, OP 14, 16, 17, 18, 19 at 60-61.

¹⁴ SJR has estimated that approximately 25-30% of the wood feedstock that will be supplied to the SJR Facility may have otherwise been burned in piles in the orchards.

As required by OP 43 of D.22-02-025, SoCalGas also discussed the potential location(s) of the woody biomass pilot projects (pre-selection) with local and state authorities, including the Department of Conservation, Natural Resources Agency, and the Commission's Energy Division. Since December 2022, SoCalGas has been a member of the Wood Utilization Working Group, which concluded meetings in March 2023 with findings and recommendations presented to the Wildfire and Forest Resilience Task Force; members of the workgroup include state, federal, and tribal governments, local advocacy groups, business, academia, and non-governmental organizations. The SB 1440 Pilot Project and recommendations to develop the market for woody biomass to energy projects were part of the agenda during meetings and documents of the workgroup.

B. Chapter 2: Selection of SB 1440 Pilot Project

Chapter 2 provides an overview of the (1) SB 1440 Solicitation, and (2) SB 1440 Pilot Project's (i) review and selection process, (ii) anticipated benefits, (iii) estimated SB 1440 pipeline infrastructure costs, and (iv) reporting requirements. This chapter also addresses how the SB 1440 Solicitation was developed, the use of an independent third party to help assess and select the SB 1440 Pilot Project, and an overview of the selected SB 1440 Pilot Project. The SB 1440 Pilot Project's overview includes a description, the estimated ratepayer and environmental benefits, community benefits, timelines, and an estimated cost of \$13.4 million for the SB 1440 pipeline infrastructure which will be funded out of SoCalGas's allocated Cap-and-Trade funding of \$19.704 million if approved.

For the remaining Cap-and-Trade funds totaling approximately \$6.3 million, SoCalGas proposes two options: (1) consistent with D.22-02-025, use the balance to collaborate and support the partial development and potential implementation of SJR's Class VI sequestration well and/or other CCUS solutions; or (2) issue a follow-up SB 1440 Solicitation in mid-2025 to potentially select another SB 1440 Pilot Project. The additional two years will allow the gasification/pyrolysis industry and potential projects to further mature and develop. So that enough Cap-and-Trade funding will be available to support a potential second SB 1440 Pilot Project, SoCalGas proposes a \$5 million cost cap for the pipeline lateral and compression (lane 5) for the selected SB 1440 Pilot Project. While both options are meritorious, SoCalGas

recommends the first one because it supports the Commission’s directive that pilots should propose methods of using CO₂ in CCUS projects rather than venting to the atmosphere.¹⁵

Should the Commission find Option 2 more favorable, SoCalGas respectfully requests that project(s) selected in a potential second solicitation should be processed via a Tier 3 Advice Letter, rather than an application as ordered in D.22-02-005. Since this application will establish an evidentiary record for public analysis, SoCalGas will include valuable stakeholder and Commission feedback when submitting any secondary project for approval via advice letter.

To help inform the overall structure of the SB 1440 Pilot Project, SoCalGas followed the framework established for the dairy biomethane pilot projects (“SB 1383 Pilot Projects”) pursuant to D.17-12-004, which led to successfully connecting four dairy pilot projects to the SoCalGas pipeline system between 2021 and 2022.

Using this framework led to the SB 1440 Solicitation being issued on March 14, 2023, to which a single, generally qualifying response was submitted by SJR. In its response, SJR proposes to build, own, and operate a gasification facility (“SJR Facility”) in McFarland, CA, that will convert agricultural waste biomass into biomethane and several other end-use products. The SJR Facility plans to process up to 1,500 BDT per day of agricultural waste biomass into approximately 12.5 MMscf per day of biomethane. Consistent with D.22-02-025, SJR also plans to own and operate a fleet of low-NO_x natural gas-powered trucks, using RNG produced by the SJR Facility, to truck feedstock to and products from the facility site. SJR is seeking to utilize CCUS technology for carbon dioxide produced during the gasification process.

For a variety of reliability, timing, and economic issues, the SJR Facility will rely on a stand-alone “power island” for on-site electric generation that contemplates a mix of generation resources, including combustion turbines, internal combustion engines, organic Rankine cycle heat recovery generators, solar panels and batteries, and fuel cells. The CI score of SJR Facility’s biomethane output is expected to remain zero or less (as determined under California’s GREET model), even after including the carbon emissions of all combustion based-resources that are used to meet the project’s electrical demands.

Furthermore, there are three SB 1440 Pilot Project agreements to be executed by SoCalGas and SJR pertaining to pipeline interconnection, and the reimbursement of SB 1440 Applicant-Owned Pipeline Infrastructure. SJR will have 120 calendar days from a Commission

¹⁵ D.22-02-025, OP 43 at 68.

decision approving the Application and SB 1440 Pilot Project to execute these agreements:

- 1) Standard Renewable Gas Interconnection Agreement (“SRGIA”), which is slightly modified to account for the Cap-and-Trade allowance proceeds. The modified SRGIA is included as Attachment A of the Application;
- 2) California Producer Operational Balancing Agreement (“CPOBA”);¹⁶ and
- 3) SB 1440 Gasification/Pyrolysis Pilot Project Funding Agreement, which is included as Attachment B of the Application.

If approved, the SJR Facility plans to start construction in late 2024 and would take approximately 24 months to complete after construction begins. Once operational, the SB 1440 Pilot Project would be required to participate in data reporting and evaluations that must be submitted to the Commission, its constituent agencies or SoCalGas upon request.

C. Chapter 3: Procurement Proposal for SB 1440 Pilot Project

As noted above, SoCalGas and SJR are in discussions regarding the potential procurement by SoCalGas of some or all of the biomethane output of the SB 1440 Pilot Project, subject to Commission approval. If SoCalGas and SJR enter into a mutually acceptable procurement agreement for such output, SoCalGas will submit a Chapter 3 Testimony by the end of the fourth quarter of 2023.

IV. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1 (a) – (c)

1. Rule 2.1 (a) – Legal Name

SoCalGas is a public utility corporation organized and existing under the laws of the State of California. SoCalGas’ principal place of business and mailing address is 555 West Fifth Street, Los Angeles, California 90013.

2. Rule 2.1 (b) – Correspondence

Correspondence or communications regarding this Application should be addressed to:
TAMLYN T. BAGERIS

Regulatory Case Manager for:

¹⁶ Available at https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/tariffs/GAS_G-SAMPLES_CPOBA.pdf.

SOUTHERN CALIFORNIA GAS COMPANY
555 West Fifth Street, GT14D6
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Email: TTBageris@SoCalGas.com

A copy should also be sent to:

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555 West Fifth Street, Suite 1400
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3. Rule 2.1 (c) – Proposed Category, Need for Hearings, Issues to be Considered, Relevant Safety Considerations, and Schedule

a) Proposed Category of Proceeding

In accordance with Rule 7.1, SoCalGas requests that this Application be categorized as ratesetting because it will use up to \$19.704M of Cap-and-Trade Program allowance auction proceeds to fund the SB 1440 Pilot Project. Any unspent allowance proceeds will be returned to ratepayers.

b) Need for Hearings

SoCalGas does not believe that evidentiary hearings will be necessary for this Application.

c) Issues to be Considered and Relevant Safety Considerations

The issues to be considered are described in this Application. Regarding safety considerations, SoCalGas's proposal will not result in any adverse safety impacts on the facilities or operations of SoCalGas.

d) Proposed Schedule

SoCalGas proposes the following schedule for this Application:

Event	Date
Application	June 30, 2023
Responses/Protests	within 30 days of Daily Calendar notice
SoCalGas/SDG&E Reply to Responses/Protests (if necessary)	within 10 days (see Rule 2.6)
Prehearing Conference	September 2023
SoCalGas's Filing of Chapter 3 Testimony (Procurement)	December 2023
Concurrent Opening Briefs	January 2024
Concurrent Reply Briefs	February 2024
Proposed Decision	April 2024
Final Decision	May 2024

B. Rule 2.2 – Articles of Incorporation

A copy of SoCalGas' Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on October 1, 1998, in connection with SoCalGas' A.98-10-012, and is incorporated herein by reference.

C. Rule 3.2 – Authority to Increase Rates

Pursuant to OP 46 of D.22-02-025, \$19.704 million of Cap-and-Trade allowance proceeds were set aside to fund the costs presented in this Application. Furthermore, there is no anticipated revenue requirement that is being proposed for recovery from ratepayers associated with the utility or applicant-owned pipeline infrastructure presented herein. Because SoCalGas is not seeking authority to increase rates, Rule 3.2 does not apply.

D. Rule 1.9 – Service

SoCalGas is serving this Application on the Rulemaking (R.)13-02-008 service list.

V. CONCLUSION

For all the foregoing reasons, SoCalGas respectfully requests that the Commission approve this Application in all respects. Specifically, in accordance with the foregoing proposed expedited schedule, SoCalGas requests the following specific relief:

1. Approval of authority for SoCalGas to establish the SB 1440 Pilot Project, including approval of the modified SRGIA (Attachment A), CBPOBA, and SB 1440 Gasification/Pyrolysis Pilot Project Funding Agreement (Attachment B);
2. For any remaining Cap-and-Trade funds to be used to support the development and potential implementation of SJR's Class VI sequestration well and/or other CCUS solutions;
3. If SoCalGas enters into an agreement with SJR to procure some or all of the biomethane from the SB 1440 Pilot Project, for such procurement to count toward SoCalGas's medium-term SB 1440 procurement target; and
4. Granting of such other relief as is necessary and proper.

Respectfully submitted,

By: /s/ Neil Navin
Neil Navin
Chief Clean Fuels Officer for:
SOUTHERN CALIFORNIA GAS COMPANY

By: /s/ Ismael Bautista, Jr.
Ismael Bautista, Jr.

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E-Mail: IBautista@SoCalGas.com

June 30, 2023

OFFICER VERIFICATION

I am an officer of the applicant corporation herein Southern California Gas Company, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 30th day of June, 2023 at Long Beach, California.

By: /s/ Neil Navin
Neil Navin

Chief Clean Fuels Officer for:

SOUTHERN CALIFORNIA GAS COMPANY

ATTACHMENT A

SAMPLE FORMS - CONTRACTS
Standard Renewable Gas
Interconnection Agreement (Form 5502)

N
N
N

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 5756
DECISION NO. 20-12-031

ISSUED BY
Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
SUBMITTED Jan 20, 2021
EFFECTIVE Feb 19, 2021
RESOLUTION NO. _____

ID: _____

**STANDARD RENEWABLE GAS INTERCONNECTION
AGREEMENT
BETWEEN
[UTILITY NAME]
AND
[INTERCONNECTOR NAME]**

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- (c) In the event a reevaluation of credit of an existing Interconnector is deemed necessary by Utility, or if Interconnector is a new Interconnector, such Interconnector shall provide Utility with such Interconnector's most recent annual report and the Interconnector's most recent SEC Form 10-K or a copy of the Interconnector's audited financial statement. 22
- (d) The creditworthiness evaluation may be performed by an outside credit analysis agency selected by Utility, with final credit approval granted by Utility. The creditworthiness evaluation shall consider the credit facilities that are already in place between Utility and the Interconnector and the Interconnector's affiliate(s) so that the credit coverage is not duplicative. Also, a third party (the "Guarantor") shall be allowed to assume creditworthiness on behalf of the Interconnector in accordance with the following provisions: 22
- (e) In the event Utility denies the Interconnector or its Guarantor an unsecured line of credit, Utility shall provide the Interconnector, within seven (7) calendar days of the denial of credit, with an explanation as to why the Interconnector or its Guarantor was denied credit. If the Interconnector or its Guarantor is denied an unsecured line of credit, Utility shall accept as a security deposit, for a secured line of credit, a cash deposit, or Letter of Credit or other instrument acceptable to Utility that meets the following criteria: the Interconnector's Interconnect Capacity multiplied by 40 days, and then multiplied by the average of the Average California/[] border price index for delivery into Utility ("Daily Index – []") as reported by the Natural Gas Intelligence ("NGI") (or its legal successor) for each day of the immediately preceding calendar month. If, for any reason, NGI (or its legal successor) ceases to be available, the price index will be based on another generally accepted available publication selected by Utility in its sole discretion. 22

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STANDARD RENEWABLE GAS INTERCONNECTION AGREEMENT

This STANDARD RENEWABLE GAS INTERCONNECTION AGREEMENT (“Agreement”), dated and effective as of [DATE] (“Effective Date”), is entered into by and between [INTERCONNECTOR NAME] (“Interconnector”), a [STATE, ENTITY TYPE], and [UTILITY NAME] (“Utility”), a [STATE, ENTITY TYPE]. Interconnector and Utility may also be referred to individually as a “Party” and jointly as the “Parties.”

RECITALS

A. Interconnector owns or otherwise controls, or may hereafter own or otherwise control, Renewable Gas from the Conditioning or Upgrading Facilities, which is or will be capable of being physically delivered to the Interconnection Point on the Utility System within the State of California.

B. The Parties desire to enter into this Agreement to set forth the terms for the design, construction, installation, and operation of the facilities necessary to enable Interconnector to access the Utility System for the delivery and receipt of Interconnector’s Renewable Gas at the Interconnection Point.

NOW, THEREFORE, in consideration of the promises and mutual undertakings set forth below, Utility and Interconnector agree as follows:

SECTION 1 SCOPE OF AGREEMENT AND TERM

(a) Scope. This Agreement sets forth the terms and conditions under which Utility will accept Renewable Gas from Interconnector’s Facilities into the Utility System at the Interconnection Point, including the design, construction, installation, and operation of the Utility Facilities.

(b) Transportation. This Agreement does not provide for, or address in any way, any right of Interconnector to receive transportation services on the Utility System. Utility provides transportation services pursuant to its applicable rules, schedules, tariffs, and agreements.

(c) Hinshaw Exemption. Utility is exempt from FERC jurisdiction under the Hinshaw Exemption in the Natural Gas Act (15 U.S.C. §717(c)). Utility shall not be required to take any action under this Agreement, including entering into any contracts with third parties delivering Renewable Gas from Interconnector’s Facilities to the Utility System, which for any reason jeopardizes or, in Utility’s sole opinion, could raise a question regarding Utility’s retention of its Hinshaw Exemption. Utility shall notify Interconnector in a timely manner should Utility become aware that any action under this Agreement jeopardizes its Hinshaw Exemption. Utility shall make a good faith effort to allow Interconnector an opportunity to take such actions as are necessary to assist Utility in addressing any Hinshaw Exemption issues. The cost of mitigating any actual or potential impact on Utility’s Hinshaw Exemption related to this Agreement shall be borne by Interconnector. Nothing in this Section 1(c), however, shall be deemed to limit Utility’s right to terminate this Agreement in accordance with Section 15(a)(i)(G).

(d) Term of Agreement. This Agreement is effective on the Effective Date and shall remain in effect for a primary term of [_____] ()¹ years unless terminated earlier as provided in Section 15(a)(i). After the primary term, this Agreement shall automatically continue without the need for

¹ The primary term of this Agreement must equal 20 years unless another primary term is mutually agreed to by each Party in its sole discretion prior the execution of this Agreement.

any additional documentation in one (1) year terms thereafter unless terminated earlier as provided in Section 15(a)(i).

SECTION 2

DEFINITIONS

For purposes of this Agreement, the following terms when used herein shall have the meaning set forth below. In the event of a conflict between any definition in this Agreement and a similar definition described in Utility's Gas Rule No. 45, the definition in Utility's Gas Rule No. 45 shall be used.

"AGA" means American Gas Association.

"Agreement" has the meaning set forth in the first paragraph of this Agreement.

"Applicable Laws and Regulations" means all duly promulgated federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, judicial or administrative orders, permits, tariffs and schedules, and other duly authorized actions of any Governmental Authority, as may be amended from time to time, that are applicable to, impact, or affect this Agreement or the Parties (or either of them).

"Balancing Agreement" means [each Utility to insert title and description of its applicable operational balancing agreement].

"British Thermal Unit" or "Btu" has the meaning set forth in Utility's Gas Rule No. 45.

"Business Day" means a calendar day except for Saturdays, Sundays, and weekdays when the CPUC's offices are closed, due either to a State holiday or an unscheduled closure (e.g., an emergency or natural disaster), and shall be between the hours of 8:00 a.m. and 5:00 p.m. (Pacific Prevailing Time).

"Conditioning or Upgrading Facilities" has the meaning set forth in Utility's Gas Rule No. 45.

"CPUC" means the Public Utilities Commission of the State of California, including any successor regulatory body.

"Effective Date" has the meaning set forth in the first paragraph of this Agreement.

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

"FERC" means the Federal Energy Regulatory Commission, including any successor regulatory body.

"Force Majeure Event" has the meaning set forth in Section 17(k).

"Gas" has the meaning set forth in Utility's Gas Rule No. 45.

“Gas Rules” means any numbered gas rule filed as a tariff and approved by the CPUC for Utility, as such Gas Rules may be revised, amended, restated or reissued from time to time. Gas Rules shall include any applicable tariffs and terms defined in the Gas Rules or tariffs. The Gas Rules are available on Utility’s website.

“Good Utility Practice” means any of the practices, methods, and acts engaged in or approved by a significant portion of the gas industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with accepted industry practice, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

“Governmental Authority” (or “Governmental Authorities”) means any federal, state, local, or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over this Agreement or either or both of the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that the term Governmental Authority does not include Interconnector.

“Guarantor” has the meaning set forth in Section 16(d).

“Guaranty” has the meaning set forth in, and includes any replacement Guaranty provided pursuant to, Section 16(d)(i).

“Hazardous Waste” means waste material or conditions and includes the definition of hazardous waste set forth in the California Health and Safety Code, Section 25117, as may be revised from time to time.

“Interconnect Capacity” has the meaning set forth in Utility’s Gas Rule No. 45. The Interconnect Capacity shall be [_____] unless changed by the written mutual agreement of the Parties.

“Interconnection Point” has the meaning set forth in Utility’s Gas Rule No. 45, and is further described in Exhibit A.

“Interconnector” means the non-utility entity named in the first paragraph of this Agreement.

“Interconnector Affiliate” means any partnership, corporation, association, limited liability company, or other legal entity that directly or indirectly controls Interconnector. As used in this definition, “controls” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of Interconnector, whether through ownership of voting securities, by contract interest, or otherwise.

“Interconnector’s Facilities” has the meaning set forth in Utility’s Gas Rule No. 45, and is further described in Exhibit A.

“Interconnector Parties” means Interconnector’s agents, representatives, suppliers, contractors, subcontractors, and other individuals or entities, which (a) must be qualified by Utility in accordance with its then-existing business practices, and (b) are utilized by Interconnector in performing any of the work pursuant to Exhibit F.

“Interconnector Test” has the meaning set forth in Section 6(b)(vii).

“ITCC” means the Income Tax Component of Contribution as described in [each Utility to insert title of location where ITCC is described], as may be revised from time to time.

“Letter of Credit” means an irrevocable, non-transferable standby letter of credit, in form and substance satisfactory to Utility in its sole discretion and provided that the issuer must be an Eligible LC Bank on the date of issuance.

“MAOP” means the then-current maximum allowable operating pressure established by Utility for any portion of, or facilities associated with, the Utility System. The MAOP in effect as of the Effective Date is set forth in Exhibit A.

“Maximum Delivery Pressure” has the meaning set forth in Section 5(g).

“MScf” and “MScf/d” means one thousand Standard cubic feet of Renewable Gas and one thousand Standard cubic feet of Renewable Gas per day, respectively.

“Meter Maintenance Testing” has the meaning set forth in Section 6(b).

“Minimum Delivery Pressure” has the meaning set forth in Section 5(g).

“Minimum Flow Requirement” means the minimum daily delivery volume of Interconnector’s Renewable Gas to the Interconnection Point, as stated in Exhibit A.

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

“Negotiation Period” has the meaning set forth in Section 4(e)(iii).

“NIST” means the National Institute of Standards and Technology, or its successor organization.

“Notice” has the meaning set forth in Section 11.

“Operating Agent” means the person who oversees daily operations of the Conditioning or Upgrading Facilities. Interconnector shall at all times be liable for the acts or omissions of the Operating Agent arising out of or in connection with the performance of its obligations under this Agreement.

“Performance Assurance” means credit support provided by Interconnector to Utility to secure Interconnector’s obligations under this Agreement. Credit support to satisfy the Performance Assurance obligations can be in the form of: (a) cash via wire transfer in immediately available funds, (b) Letter of Credit, or (c) Guaranty.

“Physical Operator” has the meaning set forth in Section 8. Interconnector shall at all times be liable for the acts or omissions of the Physical Operator arising out of or in connection with the performance of its obligations under this Agreement.

“Reasonable Efforts” means, with respect to an action required to be attempted or taken by a Party under this Agreement, efforts that are timely and consistent with Good Utility Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

“Release to Operations” means the date on which the Utility Facilities have been fully inspected, tested, and commissioned by Utility, and Utility has provided written authorization for commercial operation and receipt of Interconnector’s Renewable Gas supply.

“Renewable Gas” has the meaning set forth in Utility’s Gas Rule No. 45.

“S&P” means Standard and Poor’s Financial Services, LLC (a subsidiary of The McGraw-Hill Companies, Inc.) or its successor organization.

“SB 1440 Gasification and/or Pyrolysis Awarded Project(s)” means the project(s) that are approved and awarded via CPUC Decision (D.) XX-XX-XXX to receive Cap-and-Trade allowance proceeds. The Utility will apply the award funding as a reduction to the Utility Costs.

“SCADA” means Supervisory Control and Data Acquisition equipment installed and operated for the purpose of monitoring the Utility Facilities.

“Self-Build Facilities” has the meaning set forth in Exhibit F.

“Self-Build Option” has the meaning set forth in Section 4(c)(iii).

“Takeaway Capacity” has the meaning set forth in Utility’s Gas Rule No. 45.

“Utility” has the meaning set forth in the first paragraph of this Agreement.

“Utility Costs” means Utility’s actual costs to design, construct, install and/or commission Utility Facilities, including all Utility direct and indirect labor, contract labor, equipment and materials costs, applicable overhead costs, land survey and land rights, environmental costs, permitting, computer system and planning model upgrades, SCADA or other communications, and any related ITCC.

“Utility Facilities” (or “Utility Facility”) has the meaning set forth in Utility’s Gas Rule No. 45. The Utility Facilities are further described in Exhibit A.

“Utility Facilities Termination Charge” has the meaning set forth in Section 4(e)(iv).

“Utility Meter” has the meaning set forth in Section 6(a).

“Utility System” means the gas pipeline system, and all related equipment and facilities that are owned and operated by Utility within the State of California, including the Utility Facilities. Only Utility’s employees or agents shall be allowed to connect to, disconnect from, operate, maintain, or perform any work on the Utility System.

“Work Order” has the meaning set forth in Section 4(c)(ii)(A).

SECTION 3 **CONDITIONS PRECEDENT**

(a) Conditions.

(i) On or before the Effective Date, the following conditions shall have been satisfied: (A) if Utility is a party to any separate agreement for the delivery of Gas to the Utility System that included the Interconnection Point included under this Agreement, that agreement has been terminated, with no outstanding obligations between the parties thereto, and no outstanding disputes relating thereto; (B) Interconnector shall have satisfied any and all conditions set forth in Utility’s Gas Rule No. 45 and other applicable Gas Rules, making Interconnector eligible to deliver Renewable Gas, and the Renewable Gas eligible to be received, at the Interconnection Point; and (C) Interconnector shall have delivered to Utility

a completed and executed copy of (1) the Interconnector Declaration, the form of which is attached hereto as Exhibit B, and (2) if applicable, the Interconnector Nonhazardous Source Certification and/or the Interconnector Reduced Siloxane Testing Qualification Certification, the forms of which are attached hereto as Exhibit C.

(ii) On or before [DATE], Interconnector shall have received and accepted from any and all applicable Governmental Authorities all material authorizations necessary for the construction and installation, if any, and operation of the Interconnector's Facilities.

(iii) On or before [DATE], Utility shall have received and accepted (A) from any and all applicable Governmental Authorities all material authorizations necessary for the construction and installation, if any, and operation of the Utility Facilities, and (B) the proper approvals required for Utility to dispense its duties under this Agreement from any and all applicable Governmental Authorities, if deemed necessary in Utility's sole discretion.

SECTION 4 **UTILITY FACILITIES**

(a) Utility Facilities. Utility Facilities shall be designed, constructed, installed, and operated for the purpose of receiving Interconnector's Renewable Gas into the Utility System.

(b) Existing Utility Facilities. If there are existing Utility Facilities for receipt of Gas into the Utility System and Utility has determined, in its sole discretion, that such facilities (i) are adequate for purposes of receipt of Interconnector's Renewable Gas to the Utility System, and (ii) are not subject to the rights of any other interconnector or other third party, then the Parties shall enter into a Work Order, Utility shall invoice Interconnector, and Interconnector shall pay in advance Utility's Costs to connect the Interconnector's Facilities to the existing Utility Facilities.

(c) New Utility Facilities. New Utility Facilities shall be designed, constructed, and installed pursuant to the requirements of this Section 4(c) if: (1) Utility determines, in its sole discretion, that the existing Utility Facilities do not satisfy the requirements of Section 4(b); or (2) there are no existing Utility Facilities. In such instances, the following shall apply:

(i) Agreement on Utility Facilities Location. Unless identified by Utility and agreed to by the Parties prior to the Effective Date, Utility shall provide Notice to Interconnector of the Utility Facility location (including its orientation and layout) Utility has identified for the receipt of Interconnector's Renewable Gas. Interconnector must provide Notice to Utility within thirty (30) days thereafter whether Interconnector agrees with the location of the Utility Facilities. If Interconnector does not agree with the location identified by Utility for the Utility Facilities, and the Parties are unable to determine a mutually agreeable location for the Utility Facilities within thirty (30) days after Interconnector's delivery of a Notice to Utility pursuant to this Section (unless another date is mutually agreed to by the Parties), either Party shall have the right to terminate this Agreement, without any further liability to the other Party, in accordance with Section 15(a)(i)(Q)(3). The agreed-upon Utility Facilities location shall be included in Exhibit A.

(ii) Utility's Design, Construction and Installation of the Utility Facilities. Unless Interconnector has elected the Self-Build Option, Utility shall design and engineer, acquire all necessary permits and rights-of-way (unless Utility, in its sole discretion, requires Interconnector to acquire any or all such permits and/or rights-of-way), procure equipment and materials for, construct and install, and commission the Utility Facilities as follows:

(A) Utility shall submit to Interconnector, as available from time to time, one or more work orders (each, a “Work Order”), the form of which is attached hereto as Exhibit E, setting forth, among other things, the scope of services to be performed by Utility for (1) the design, engineering, and procurement of equipment and materials of the Utility Facilities (to the extent such work has not already been performed by Utility pursuant to Utility’s Gas Rule No. 45), and (2) the construction and installation, and commissioning of the Utility Facilities. The Work Order shall include, as applicable, estimated schedules for, and the estimated Utility Costs associated with the completion of, the foregoing.

(B) No Utility Facilities which are to be paid for by Interconnector shall be designed, engineered, procured, or constructed or installed by Utility without Interconnector’s prior written approval of the estimated Utility Costs, as evidenced by a fully executed and funded Work Order. Interconnector acknowledges that the total estimated Utility Costs are an estimate only and that Interconnector will be responsible for all Utility Costs arising out of or in connection with designing, engineering, procuring equipment and materials for, and constructing and installing the Utility Facilities.

(C) Interconnector shall, within a reasonable period of time (not to exceed thirty (30) days unless otherwise set forth in the Work Order), either accept the Work Order by executing, funding and delivering such Work Order to Utility, or reject the Work Order by providing Notice to Utility that it has rejected the Work Order; provided, however, Interconnector shall be solely responsible hereunder for any failure by Utility to timely complete the Utility Facilities, including all direct and indirect costs and expenses resulting therefrom, if such failure arises out of or is in connection with Interconnector’s delay or refusal in approving such Work Order. If Interconnector rejects the Work Order, and the Parties are unable to mutually agree upon and execute a Work Order within thirty (30) days (unless another date is mutually agreed to by the Parties) after Interconnector’s delivery of a Notice to Utility pursuant to this Section, either Party shall have the right, to terminate this Agreement, without further liability, in accordance with Section 15(a)(i)(Q)(3).

(D) Where formal rights of way, easements, land leases, permits, or other land rights are required, in the sole discretion of Utility, on and over Interconnector’s property, or the property of others, for the construction and/or installation of the Utility Facilities, Interconnector understands and agrees that Utility shall not be obligated to construct or install the Utility Facilities unless and until all necessary permanent and temporary rights of way, easements, land leases, permits, or other land rights, satisfactory to Utility in its sole discretion, free of encumbrances which Utility believes could cause interference with ownership and operation of the Utility Facilities, and free of Hazardous Waste, are granted without cost to Utility. Such Utility rights of way, easements, land leases, permits, or other land rights must, at a minimum, provide that Utility will have the right of ingress to and egress from the Utility Facilities at all times.

(E) Utility shall not be responsible for any delay in work or additional cost or expense arising out of or in connection with the construction, installation, and/or commencement of operation of the Utility Facilities resulting from a Force Majeure Event, weather, any change in scope or schedule caused by Interconnector or a third-party, an act, failure or delay in acting by Interconnector (including any act, failure or delay by Interconnector arising out of or in connection with Section 4(c)(i) or 4(c)(ii)(C)), or any other event or occurrence outside the control of Utility.

(iii) Interconnector's Design, Construction and Installation of New Utility Facilities. If Interconnector has elected to (1) design and engineer the Utility Facilities, (2) procure equipment and materials for and construct and install the Utility Facilities, or (3) perform both of the foregoing work (such election and the work arising therefrom, the "Self-Build Option"), Exhibit F shall apply. Interconnector acknowledges and agrees that (A) Interconnector may only elect, in whole and not in part, one of the three foregoing Self-Build Options, and Utility shall perform all remaining portions of the work in accordance with Section 4(c)(ii), and (B) notwithstanding Interconnector's election, Utility reserves, in accordance with its then-current business practices, the right to perform certain portions of the work, such as Utility system enhancements (including with respect to regulator stations and Btu districts).

(iv) Interconnector's Payment for Utility Facilities.

D. 22-02-025 provides a one-time \$40 million¹ set aside of Cap- and-Trade allowance proceeds to help fund the cost of SB 1440 Gasification and/or Pyrolysis Pilot Awarded Project(s) to connect to the Utility pipeline. D.XX-XX-XXX awarded the Interconnector up to \$X.X million in funding to be applied towards the Utility Costs. Should the Utility Costs exceed the \$X.X million in award funding, the following conditions shall apply to the incremental costs.

(A) Utility shall invoice Interconnector, and Interconnector shall pay, the estimated Utility Costs that Utility expects to incur arising out of or in connection with the work to be performed in accordance with Section 4(b) and/or Section 4(c) (including, if Interconnector has elected the Self-Build Option, any estimated Utility Costs arising out of or in connection with Utility's oversight, coordination, inspection, review and acceptance of Interconnector's design, permitting, procurement, and construction and installation work, and all required supporting documentation for the Self-Build Facilities).

(B) If, at any time, Utility determines that the Utility Costs will exceed or are expected to exceed any previously estimated Utility Costs, Utility may invoice Interconnector for the difference between such previously estimated Utility Costs and the then-current estimated Utility Costs, and Interconnector shall pay the invoice for the additional amount as a condition precedent of Utility continuing work.

(C) Upon final determination of the Utility Costs after completion of the Utility Facilities, Utility will perform a true-up of the Utility Costs compared to the amounts already paid by Interconnector, and will generate an invoice showing the difference, if any. If the Utility Costs exceed the amount already paid by Interconnector, Interconnector shall pay the amount specified in the invoice within thirty (30) days of receipt of the invoice. If the Utility Costs are less than the amount already paid by Interconnector, Utility will refund the amount specified in the invoice within thirty (30) days of delivery of the invoice to Interconnector.

(D) In the case of termination of this Agreement prior to completion of the Utility Facilities, Utility shall provide an invoice to Interconnector for the Utility Costs for the Utility Facilities (including, as applicable, Utility Costs arising out of or in connection with the removal of the Utility Facilities and associated site restoration). Interconnector shall be credited the salvage value of the Utility Facilities, if any, and shall pay all Utility Costs for the Utility Facilities, less the salvage value, as determined by Utility in its sole discretion, within thirty (30) days of receipt of the invoice.

(E) At Utility's sole discretion, the Parties may agree on a mutually

¹ SoCalGas's allocation of the \$40 million is \$19,704,000. SDG&E and/or Southwest Gas (SWG), as wholesale customers of SoCalGas, may direct their respective share of allowance proceeds collected pursuant to this decision to be used to offset pilot project costs in SoCalGas service territory if SDG&E or SWG procure a portion of the biomethane produced from that facility or facilities. SDG&E's allocation is \$2,708,000 and SWG is \$652,000

agreeable payment schedule for payments due by Interconnector under this Section 4(c)(iv), subject to Utility's credit requirements.

(v) Gas Quality Sampling. Prior to the date that Release to Operations occurs, sampling of Interconnector's Renewable Gas shall be performed according to the procedures set forth in Utility's Gas Rule No. 45.

(d) Repairs, Upgrades, Modifications and Replacements. Repairs, upgrades, modifications or replacements to the Utility Facilities, including the Notice requirements, payment of costs, and/or the timeframes associated for the performance of such work, shall be in accordance with, and are subject to the requirements of, Utility's Gas Rule No. 45. For the avoidance of doubt, Utility shall be the sole entity responsible for, and entitled to make any reasonable repairs, upgrades, modifications or replacements to, the Utility Facilities, in conformance with Good Utility Practices.

(e) Discontinuance of Interconnection Point Upon Termination and Associated Termination Charges.

(i) Upon discontinuance of the use of the Utility Facilities due to termination of this Agreement, Interconnector shall have the option to (A) purchase the Utility Facilities (excluding any odorant, odorant-containing equipment, or any other Utility Facility that, in Utility's sole discretion, if transferred to Interconnector, may potentially create liability for Utility any time after such transfer under Applicable Law and Regulations notwithstanding the terms of the purchase agreement for such Utility Facility) on an "as is, where is" and "with all faults" basis and without any representations or warranties, following Interconnector's funding and Utility's disconnection of the Utility Facilities from the Utility System, and provided that Interconnector shall be responsible, and shall pay Utility for any and all costs incurred by Utility in maintaining the Utility Facilities from the date of the termination of this Agreement until the earlier of (1) the date of Interconnector's purchase of the Utility Facilities and (2) the end of the Negotiation Period, or (B) as further described in Section 4(e)(iv), pay the Utility Facilities Termination Charge to decommission the Utility Facilities and return the site to its original state, in which case the Parties shall enter into a Work Order for such work. Any potential sale of the Utility Facilities to Interconnector, or any part thereof, shall be subject to the rules of any regulatory agency exercising authority over Utility, including the CPUC, as well as any existing contractual relationship that Utility may have with any other entity, including any franchise agreement entered into between Utility and a Governmental Authority.

(ii) Interconnector shall provide Notice no later than five (5) Business Days after the termination of this Agreement stating whether Interconnector elects to negotiate a purchase of the Utility Facilities or to pay Utility to decommission the Utility Facilities.

(iii) If Interconnector elects to negotiate a purchase of the Utility Facilities, the Parties shall have sixty (60) days from the date of such Notice to conduct good faith negotiations, subject to the terms of Section 4(e)(i)(A), for the purchase of the Utility Facilities by Interconnector, which negotiation time can be extended by mutual written agreement of the Parties (the "Negotiation Period").

(iv) If the Parties are unable to agree to purchase terms during the Negotiation Period, or Interconnector indicates in its Notice delivered pursuant to Section 4(e)(ii) that it is electing for Utility to decommission the Utility Facilities, Interconnector shall then pay to Utility the costs to decommission the Utility Facilities and return the site to its original state ("Utility Facilities Termination Charge"). The Utility Facilities Termination Charge shall include the costs to remove the Utility Facilities as well as site restoration costs, less the estimated salvage value, as determined in Utility's sole discretion. Utility will make reasonable efforts to provide Notice to Interconnector within one hundred and eighty (180) days after the termination of this Agreement, that includes an estimate for the Utility Facilities Termination Charge. No later than thirty (30) days after Interconnector's receipt of this estimate, Interconnector shall pay Utility the estimated Utility Facilities Termination Charge. If at any time prior to the completion of the removal of the Utility Facilities and site restoration, Utility's costs exceed or are expected to exceed any previously

estimated Utility Facilities Termination Charge, Utility may invoice Interconnector for the difference between the previously estimated Utility Facilities Termination Charge and the then-current estimated

Utility Facilities Termination Charge, and Interconnector shall pay the invoice for the additional amount to Utility as a condition precedent of Utility continuing work. At Utility's sole discretion, the Parties can agree on a mutually agreeable payment schedule, subject to Utility's then-existing credit requirements. Upon completion of the removal of the Utility Facilities and site restoration, Utility will provide a final invoice to Interconnector showing the difference, if any, between the estimated Utility Facilities Termination Charge and the final Utility Facilities Termination Charge. If the final Utility Facilities Termination Charge exceeds the amount already paid by Interconnector, Interconnector shall pay the additional amount to Utility within thirty (30) days of the date of Interconnector's receipt of Utility's invoice. If the final Utility Facilities Termination Charge is less than the amount already paid by Interconnector, Utility will refund the difference to Interconnector within thirty (30) days of Utility's invoice.

(f) Work Orders. The Parties acknowledge and agree that, prior to the performance of any service by Utility for the benefit of Interconnector pursuant to this Section 4 and/or Exhibit F, or the performance of any work by Interconnector as a result of Interconnector electing the Self-Build Option, Utility shall issue, and the Parties shall enter into a Work Order for such Utility services and/or Interconnector work, and Interconnector shall fund the services to be performed by Utility thereunder in accordance with the terms of this Agreement. Each Work Order will more specifically set forth (a) a detailed description of the services to be performed by Utility (and, in the event Interconnector has elected the Self-Build Option, the work to be performed by Interconnector), (b) the amount payable to Utility for the performance of Utility's services, (c) the schedule in accordance with which Utility's services and/or Interconnector's work are estimated to be performed, and (d) any other necessary particulars in a manner consistent with the terms of this Agreement. Work Orders issued under this Agreement constitute separate contracts between Utility and Interconnector, the terms of which will be set forth in such Work Order and will incorporate the terms of this Agreement (whether referenced or not). If there is any inconsistency between any provision of a Work Order and this Agreement, the provisions of this Agreement will govern. The Parties acknowledge and agree, (x) a breach or default by Utility under a Work Order will not be deemed a breach or default by Utility under any other Work Order, and (y) except as otherwise set forth in this Agreement (including Section 4(e)), termination of this Agreement pursuant to Section 15(a) shall, unless otherwise specified, automatically terminate any and all outstanding Work Orders issued under this Agreement, with such automatic termination to be effective as of the termination date of this Agreement.

SECTION 5 **GAS DELIVERIES**

(a) Compliance with Applicable Laws and Regulations. Interconnector's delivery of Renewable Gas to the Interconnection Point, and other performance under this Agreement, must be in compliance with Applicable Laws and Regulations and Interconnector shall timely obtain and maintain throughout the term of this Agreement (including any extensions thereof) all applicable licenses and permits for the conduct of its business and the performance of this Agreement.

(b) Risk of Loss. Transfer of custody and risk of loss of all Renewable Gas shall pass from Interconnector to Utility at the Interconnection Point. Utility shall not be responsible to Interconnector or any of its employees, agents, contractors, vendors, or representatives for any Renewable Gas losses or delays (due to operating conditions or constraints, a Force Majeure Event, or otherwise) or damages or injuries occurring on Interconnector's side of the Interconnection Point. Interconnector shall not be responsible to Utility or any of its employees, agents, contractors, vendors, or representatives for Renewable Gas losses or delays (due to operating conditions or constraints, a Force Majeure Event, or otherwise) or damages or injuries occurring on Utility's side of the Interconnection Point; provided, however, that if the losses, delays, damages and/or injuries arise out of or in connection with (i) Interconnector's actions or inactions (including

any actions or inactions of any individual or entity acting on behalf of Interconnector) in the transfer of custody of the Renewable Gas to Utility, or (ii) excessive pressure or the quality of Renewable Gas, then, notwithstanding anything to the contrary set forth in this Agreement, Interconnector shall be responsible for all such losses, delays, damages, damages and/or injuries.

(c) Quality; Right of Refusal. Utility shall have the continuing right, at any time and in its sole discretion, to monitor the quality of Renewable Gas provided by Interconnector and refuse to accept delivery of any Renewable Gas if: (i) Interconnector's Renewable Gas does not meet Utility's Gas quality specifications, including those set forth in Utility's Gas Rule No. 45; (ii) the composition or supply source of Interconnector's Renewable Gas is different from that described in Exhibit A; (iii) the Utility System does not have available Takeaway Capacity; or (iv) in Utility's sole judgment the delivery of Interconnector's Renewable Gas may have adverse effects on Utility's operations, the Utility System, or on the operations or property of customers or other producers or interconnectors. Utility shall promptly provide Notice to Interconnector of any decision to refuse acceptance of deliveries of Renewable Gas. Utility's acceptance of Renewable Gas that does not conform to Utility's Gas quality specifications (including those set forth in Utility's Gas Rule No. 45) or Exhibit A shall not constitute a waiver of such specifications, any remedies of Utility, or obligations of Interconnector with respect to such non-conformity.

(d) Uniform Flow. Interconnector shall, to the extent feasible in Utility's reasonable judgement, make deliveries of Renewable Gas at each Interconnection Point at substantially uniform rates of flow during a flow day relative to Utility's confirmed Interconnector scheduled quantity. If over a period of any consecutive twelve (12) months it is found that Interconnector is deviating by more than 10% from uniform daily deliveries more often than it is complying with that requirement, then Utility reserves the right to suspend service until such time appropriate actions have been taken to ensure compliance with this provision. Without limiting its right to terminate this Agreement in accordance with Section 15(a)(i)(M), if Interconnector is not complying with this requirement, then Utility reserves the right to suspend service under this Agreement until such time that Interconnector has taken appropriate actions to ensure compliance with this provision.

(e) Continuous Flow. Interconnector shall provide Notice to Utility at least ten (10) days before scheduled maintenance occurs and shall include in its Notice the start and end dates for the maintenance.

(f) Minimum Flow. Interconnector shall deliver Renewable Gas to each Interconnection Point at an average quantity of at least fifty (50) MScf/d averaged over each rolling ninety (90) day period, except when flow is interrupted by Utility for operational reasons or by Interconnector for scheduled maintenance to Interconnector's facilities. Interconnector shall provide Notice to Utility at least ten (10) days before scheduled maintenance occurs and shall include in its Notice the start and end dates for the maintenance. Days in which flow is interrupted by Utility for operational reasons or by Interconnector's scheduled maintenance shall not be included in the ninety (90) day rolling period; provided, however, that if Interconnector provides Notice to Utility less than ten (10) days before scheduled maintenance occurs, the scheduled maintenance days shall be included in the ninety (90) day rolling period.

(g) Pressure. Interconnector shall deliver Renewable Gas to Utility at each Interconnection Point at a delivery pressure sufficient to enter the Utility System ("Minimum Delivery Pressure"), but not more than the then current maximum operating pressure of the Utility System at the inlet of the Utility Facilities, as determined by Utility ("Maximum Delivery Pressure") and as stated in Exhibit A.

(i) Utility shall provide Interconnector with Notice requesting an increase in Interconnector's Maximum Delivery Pressure not less than forty-five (45) days before Utility is requesting that the increase become effective.

(ii) Utility shall provide Interconnector with Notice requesting a decrease in Minimum Delivery Pressure not less than forty-five (45) days before Utility is requesting that the decrease become effective.

(iii) All requested changes in Interconnector's Maximum Delivery Pressure and Minimum Delivery Pressure requirements resulting from a Force Majeure Event, emergency situations, safety-related pressure reductions, or as a result of pipeline integrity inspections shall be exempt from the notification timing requirements specified in Sections 5(g)(i) and 5(g)(ii).

(iv) In the event Interconnector cannot comply with the changes to Maximum Delivery Pressure or Minimum Delivery Pressure requirements within the notification timing requirements specified in Sections 5(g)(i) and 5(g)(ii), Interconnector shall provide Notice to Utility, including the reason why it cannot comply, within ten (10) days of Interconnector's receipt of Utility's Notice. Utility may, in its sole discretion, extend the date for complying with the requested change in the Maximum Delivery Pressure or Minimum Delivery Pressure requirements.

(h) Pulsation. Interconnector shall ensure that Interconnector's Facilities are installed and operated so that operation will not adversely affect the Utility System or the Utility Facilities, including impairment of the accuracy of the measurement of Renewable Gas at the Utility Facilities or Utility's end-use customers. Measurement pulsation limits for the various measurement technologies are established by the respective AGA measurement standards and/or manufacturer standards. Interconnector shall eliminate compressor-induced pulsation or vibration before Renewable Gas is delivered at the Utility Facilities. Utility shall not be required to take Renewable Gas if compressor-induced pulsation or vibration exists.

(i) Renewable Gas Sampling. Interconnector acknowledges that injection of Renewable Gas into the Utility System requires a quality assessment of a sample of the Renewable Gas from the Renewable Gas source, and such assessment shall be performed in accordance with Utility's Gas Rule No. 45.

SECTION 6

METERING AND MEASURING EQUIPMENT

(a) Metering. The Utility Facilities shall include Utility's measuring equipment used in measuring deliveries from the Interconnector's Facilities to Utility ("Utility Meter").

(b) Meter Maintenance Testing. Utility will perform scheduled meter accuracy testing and calibration of the Utility Meter in accordance with Good Utility Practices ("Meter Maintenance Testing").

(i) Metering, testing equipment, and other facilities needed to perform any tests required of Utility shall meet industry standards as described in CPUC General Order No. 58A, as adapted for deliveries and as revised from time to time. The Meter Maintenance Testing and correction (if necessary) shall comply with the AGA Report No. 4A, Sample Contract Measurement Clause, Meter Facilities, and applicable CPUC requirements. Utility will also inspect and calibrate the Utility Meter to ensure conformance with manufacturer's stated accuracy in a field application, where such conformance does not conflict with Applicable Laws and Regulations.

(ii) Utility shall preserve the Meter Maintenance Testing records for a period of three (3) years. Interconnector shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the Utility Meter.

(iii) The Meter Maintenance Testing records from such measuring equipment shall remain the property of Utility, but upon written request, Utility shall make available to Interconnector copies of any such records and charts, together with calculations therefrom, for inspection and verification during normal business hours.

(iv) Utility shall provide Notice to Interconnector prior to Meter Maintenance Testing. Except in the event of an emergency or operational necessity, such Notice shall be given to Interconnector at least two (2) Business Days prior to any such activity.

(v) If, as a result of any Meter Maintenance Testing, it is determined that there has been a combined meter and transmitter measurement error greater than one percent (1%) from NIST traceable secondary field standards, the Parties will adjust all prior periods back to the period where it can be mutually determined and agreed-upon that the errors commenced. If such an agreement cannot be reached, then Utility shall estimate the Renewable Gas deliveries, and correct the reading to a zero error for the period during which the meter was in use. In all cases of meter error, period adjustments for meter error may not exceed three (3) years prior to the date on which the discovering Party provides Notice to the other Party.

(vi) During the Meter Maintenance Testing, Utility shall confirm, where applicable, that the meter accuracy and condition is within the meter manufacturer's specifications for a field application and meets CPUC accuracy verification requirements. Utility shall conduct such calibration and confirmation by using its NIST traceable secondary field standards.

(vii) Interconnector may provide a Notice to Utility requesting a calibration test of the Utility Meter (the "Interconnector Test"). If any Interconnector Test shows that the combined measurement error does not exceed one percent (1%) of NIST traceable secondary field standards, then the cost of the Interconnector Test including any Utility Costs incurred, shall be borne by Interconnector. Utility Costs incurred from Interconnector Test will be invoiced to Interconnector pursuant to Section 9. In the event that any Interconnector Test yields a combined measurement error greater than one percent (1%) of NIST traceable secondary field standards, then the cost of the Interconnector Test and subsequent calibration shall be borne by Utility.

(c) Measurement Accuracy. The accuracy of all measuring equipment used in the Utility Facilities shall be verified and/or calibrated by Utility according to Good Utility Practices and Utility's recommended equipment maintenance schedules and using NIST traceable secondary standard equipment and transfer proving devices.

(i) Electronic transmitters and measurement equipment shall be calibrated in accordance with Utility's applicable processes and practices, as revised from time to time. Meter measurement accuracy limits and the maintenance frequency will follow industry standard practices.

(ii) Upon Notice from Interconnector, and following Interconnector's payment for and installation of the necessary equipment and execution of Utility's then-current Interconnector Measurement Data Access Device Agreement (if Utility has such an agreement), Utility shall make available to Interconnector electronic measurement data that Utility obtains related to Renewable Gas delivered to the Interconnection Point.

(iii) The Parties recognize the value of implementing utilization of electronic measurement devices and shall jointly cooperate to implement the installation of such devices, and sharing the data therefrom, to provide to the extent possible, current measurement information. No particular electronic measurement or monitoring device or method of sharing of electronic data therefrom (on a real time basis or otherwise) shall be required. Each Party shall be responsible for the cost, compatibility and operation of its own measurement-related electronic systems and the cost of obtaining the other Party's data.

(d) Interconnector Data. Consistent with Section 17(m), where the Utility Facilities cannot measure Renewable Gas volume or gas quality necessary to meet the then-current and/or future regulatory requirements because the Interconnector's Facilities accept Gas from more than one source upstream of the Utility Facilities, upon request by the Utility, the Interconnector at its cost shall measure, or have measured, the Renewable Gas being accepted into the Interconnector Facilities in a manner that provides Utility all data necessary to meet such regulatory requirements. The Interconnector and Utility shall make Reasonable Efforts to execute an agreement for the Utility to access such data, in a manner and frequency consistent with meeting all regulatory requirements, which may change from time to time, and with appropriate measures to validate the integrity of the data. The Interconnector shall pay for all equipment and installation costs, including any future upgrades, and operating and maintenance costs necessary for the Utility to comply with the then-current and future regulatory requirements associated with bringing Interconnector's Renewable Gas into the Utility gas system.

SECTION 7

CHANGE IN OPERATIONS AND SUSPENSION

(a) Change in System Operations. Utility does not guarantee receipt of Interconnector's Renewable Gas into the Utility System. In addition to reasons for suspension described in other Sections of this Agreement, receipt of Renewable Gas may be reduced or suspended due to ongoing operations, changes in the way in which Utility manages the operation of the Utility System, or in accordance with Utility's CPUC-approved tariffs. Without limiting the generality of the foregoing, reasons for potential reduction or suspension include the following:

(i) The MAOP of the Utility System may be changed for operational or safety-related reasons, and the volumes of Interconnector's Renewable Gas that can be received at the Interconnection Point may be impacted. Such pressure changes may be temporary or permanent.

(ii) Ongoing operations of the Utility System may require suspension of deliveries at the Interconnection Point due to station or pipeline maintenance or repair.

(iii) Changes in customer demand may impact Utility's ability to receive Interconnector's Renewable Gas.

(iv) Pipelines may be abandoned or retired if, in the sole judgment of Utility, the cost of repairing, replacing, maintaining, and/or operating the pipeline exceeds the value of the pipeline. At Utility's sole discretion, if the cost of repair or maintenance is the basis for a decision to abandon or retire a pipeline, Interconnector will be given the option of purchasing or replacing, on an "as is, where is" and "with all faults" basis and without any representations or warranties, the pipeline as needed to facilitate Interconnector operations. Subject to the requirements of the immediately preceding sentence, the terms and conditions of any purchase, or replacement with Utility ownership and operation, will be negotiated in good faith between the Parties.

(b) Suspension of Deliveries/Receipts.

(i) Without limiting either Party's right to terminate this Agreement in accordance with Section 15, either Party may suspend Renewable Gas deliveries or Renewable Gas receipts immediately at any time for any of the following reasons:

(A) there is any system or pipeline operation, or other action or inaction, that could impair the safety or reliability of either Party's facilities or systems, or those of Utility customers, or could impair the deliverability of the Renewable Gas to be delivered through the Utility Facilities, or would constitute a material default of this Agreement;

(B) there is no Balancing Agreement in effect for this Agreement;

(C) any agent authorized by Interconnector pursuant to Utility's Balancing Agreement: (1) fails to comply with a provision of Utility's Balancing Agreement; (2) becomes insolvent; or (3) fails to establish creditworthiness if requested by Utility;

(D) it is necessary or desirable to test, maintain, modify, enlarge, or repair any part of the Utility System, or related to its operation, such that suspension is necessary or advisable;

(E) such suspension is permitted or required by the Gas Rules or otherwise by the CPUC;

(F) during such time as Interconnector is in breach of this Agreement, and does not immediately cure such breach (if such breach is capable of being cured), and until Utility has been fully compensated for all damages and cost incurred as a result of such breach;

(G) Interconnector fails to comply with all Applicable Laws and Regulations;

(H) the CPUC, or any other Governmental Authority materially changes, alters, or modifies this Agreement, such that a Party is deprived of its benefits anticipated herein;

(I) Interconnector fails (1) to notify Utility that the source of Interconnector's Renewable Gas for the Interconnection Point has changed from the source described in Exhibit A, and/or (2) to follow the testing provisions described in Utility's Gas Rule No. 45; or

(J) Interconnector's Renewable Gas is sourced from Hazardous Waste.

(ii) The Party suspending deliveries or receipts will provide Notice to the other Party of such suspension and the cause, to the extent identifiable, as soon as commercially reasonable.

(iii) Resumption of service shall not proceed until authorized by Utility.

SECTION 8

APPOINTMENT OF PHYSICAL OPERATOR

Interconnector may appoint an authorized and qualified representative to act for Interconnector as follows: (i) to give and receive Notices and requests, make and witness tests, deliver quantities of Renewable Gas hereunder; and (ii) to do and receive all things as provided herein regarding the physical operation of the Interconnector's Facilities (the "Physical Operator"). Interconnector shall provide Notice to Utility of the appointment of, and change in the Physical Operator at least five (5) Business Days prior to the effective date of the appointment or change. Interconnector expressly agrees that Utility may rely on all acts and Notices of the Physical Operator to the same extent as if they were performed or provided by Interconnector. If a Physical Operator is designated, it shall be the sole person required to be contacted by Utility in the case of emergency. Whether or not Interconnector appoints a Physical Operator, for maximum protection of the Utility System in case of operational conditions and emergencies, Interconnector shall provide and keep current the Operating Agent contact information on Exhibit A for use by Utility.

SECTION 9

O&M FEES: INVOICING AND PAYMENT TERMS

(a) O&M Fees. Utility shall collect operation and maintenance fees associated with the operation and maintenance of the Utility Facilities necessary to accept Renewable Gas from Interconnector in accordance with Utility's Gas Rules, tariffs, schedules, and ordinary business practices.

(b) Timely Payment. All invoices will be issued pursuant to the instructions in Exhibit D and are due and payable within the time period specified in this Agreement, Utility's Gas Rule No. 45, or the date specified in the invoice, whichever is later, and will be subject to the provisions of Utility's Gas Rules.

(c) Failure to Make Timely Payment; Utility's Option to Require Payment to Continue Work. If Interconnector fails to timely pay an invoice arising out of or in connection with this Agreement, Utility will have the right, in addition to its other rights under this Agreement or Applicable Laws and Regulations, to suspend performance of its obligations under this Agreement, including denying Interconnector's Renewable Gas access to the Utility Facilities and ceasing any work under Section 4, until payment is received. Notwithstanding the foregoing or anything to the contrary set forth in this Agreement, Utility may, in its sole discretion, suspend performance under this Agreement and require that Interconnector make payment of an invoice issued pursuant to the terms of this Agreement as a condition precedent to Utility continuing its performance under this Agreement.

SECTION 10

ASSIGNMENT

(a) Requirements for Assignment Generally. This Agreement may be not be assigned by either Party without the written consent of the other Party. Consent to assignment will not be unreasonably withheld, conditioned or delayed.

(b) Assignment for Purposes of Financing. Interconnector shall have the right to assign this Agreement, without the consent of Utility, for collateral security purposes to aid in providing financing for the Interconnector's Facilities. Interconnector will promptly notify Utility of any such assignment for collateral security purposes. Any assignment for collateral purposes entered into by Interconnector shall require that upon any exercise of remedies by the financing party, the entity substituted for Interconnector shall have an equal or greater credit rating as Interconnector and have the legal authority and operational ability to satisfy the obligations of Interconnector under this Agreement.

(c) Assignment to Successor. Either Party shall have the right to assign this Agreement, without the consent of the other Party, when the assignment is to a successor, representative, or assignee which shall succeed by purchase, merger, corporate reorganization/restructuring or consolidation to all or substantially all of the assets of the assigning Party.

(d) Responsibilities for Assignee and Assignor. Assignment shall not relieve the assignor of its obligations under this Agreement for the period before the assignment becomes effective, nor shall the non-assigning Party's obligations be enlarged, in whole or in part, by reason of the assignment. At the time the assignment becomes effective, the assignee shall become a Party to this Agreement and shall undertake all rights and responsibilities under this Agreement, including the Performance Assurance requirements in Section 16.

(e) Assignment In Violation of Agreement. Any attempted assignment that violates any of the requirements of this Section 10 is void and ineffective.

SECTION 11 **NOTICES**

(a) Definition and Delivery of Notice. Any notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly and duly given when delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to Interconnector: [Contact Information To Be Supplied]
Mailing Address:

If to Utility: [Contact Information To Be Supplied]
Mailing Address:

In addition to the Notice specified above, notice may also be provided by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below, but must be immediately followed up by a written Notice delivered pursuant to the first paragraph of this subsection (a):

If to Interconnector: [Contact Information To Be Supplied]

Telephone Numbers:
Facsimile:
Email Address:

If to Utility: [Contact Information To Be Supplied]

Telephone Numbers:
Facsimile:
Email Address:

(b) Changes. Either Party may change the Notice information in this Section 11 by giving Notice within five (5) Business Days prior to the effective date of the change.

SECTION 12
NO WARRANTY: REMEDIES: CONSEQUENTIAL DAMAGES

(a) WARRANTY DISCLAIMER. ALL INSTALLATION, INTERCONNECTION, MAINTENANCE AND OTHER SERVICES PERFORMED BY UTILITY AND MATERIAL, EQUIPMENT AND FACILITIES, INCLUDING UTILITY FACILITIES, MEASUREMENT EQUIPMENT, AND PIPELINES PROVIDED BY UTILITY OR MADE AVAILABLE BY UTILITY FOR USE IN CONNECTION WITH THIS AGREEMENT, ARE PROVIDED “AS IS,” WITHOUT ANY WARRANTIES, EXPRESS, IMPLIED OR STATUTORY. ALL WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED BY UTILITY, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NO WARRANTIES SHALL APPLY TO ANY SERVICES, MATERIAL, EQUIPMENT OR FACILITIES PROVIDED BY UTILITY OR MADE AVAILABLE BY UTILITY UNDER THIS AGREEMENT.

(b) Exclusive Remedy. In lieu of all warranties express, implied, or statutory, Utility’s sole obligation and total liability, and Interconnector’s sole and exclusive remedy, relating to or arising out of the installation or connection of equipment or Utility Facilities, or the furnishing of equipment, material, or facilities or of any other services by Utility, shall be limited, at Utility’s option to: (i) performance of the installation or connection work or other services at Utility’s expense up to a cost equal to the amount paid by Interconnector for such installation or connection work, or other services, excluding any amounts paid for equipment, material or facilities or other costs; or (ii) a refund by Utility to Interconnector of an amount equal to the amount paid to Utility by Interconnector for said installation or connection work or other services, excluding any other costs, less any amount received by Interconnector as a rebate or refund of such amounts from other sources; or (iii) a refund of the amount paid by Interconnector to Utility for equipment, material or facilities, as applicable, less any amount received by Interconnector as a rebate or refund of such amounts from other sources. Except as specifically provided for herein, Utility shall have no obligation or liability and shall be released from any and all liability for losses, costs or damages of any kind with respect to or arising out of installation or interconnection work, or other services, equipment, material or facilities installed, connected, or in any way provided by Utility or made available by Utility pursuant to this Agreement, whether arising in contract, tort (including negligence), strict liability, warranty, or otherwise.

(c) CONSEQUENTIAL DAMAGES. NEITHER PARTY SHALL BE LIABLE UNDER ANY PROVISION OF THIS AGREEMENT FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES, INCLUDING LOSS OF PROFIT OR REVENUE, LOSS OF THE USE OF EQUIPMENT, COST OF CAPITAL, COST OF TEMPORARY EQUIPMENT OR SERVICES, WHETHER BASED IN WHOLE OR IN PART IN CONTRACT, IN TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY; PROVIDED, HOWEVER, THAT A PARTY’S INDEMNITY OBLIGATIONS UNDER THIS AGREEMENT (INCLUDING EXHIBIT F) SHALL NOT BE DEEMED TO BE SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES.

SECTION 13
INDEMNITY

(a) By Interconnector. Without limiting Interconnector’s indemnification, defense, and hold harmless obligations otherwise set forth in this Agreement (including Exhibit F), to the maximum extent permitted by Applicable Law and Regulations, Interconnector shall be solely responsible for and shall release, indemnify, defend and hold harmless Utility, and Utility’s parent and affiliates, including its and their officers, directors, agents, contractors, and employees thereof, against losses, costs, expenses (including in-house and outside attorneys’ fees), claims, enforcement actions, judgments, suits or other obligations or

liabilities, resulting from or arising out of or in any way connected with (a) physical injury or damage to property or person, arising from Interconnector's performance or nonperformance of its obligations under this Agreement, or from the performance or nonperformance of any individual or entity authorized on behalf of Interconnector (including each Interconnector Party, the Operating Agent or Physical Operator), (b) construction and/or installation work performed by Interconnector or any Interconnector Party (of any tier), (c) Interconnector's Renewable Gas, or (d) a violation of Applicable Laws and Regulations arising from Interconnector's performance or nonperformance of its obligations under this Agreement, or from the performance or nonperformance of any individual or entity authorized on behalf of Interconnector (including each Interconnector Party, the Operating Agent or Physical Operator).

(b) No Statutory Limitation. The Interconnector's obligation to indemnify under this Agreement (including Exhibit F) shall not be limited in any way by any limitation on the amount or type of damages, compensation, penalty or benefits payable by or for the Interconnector under any statutory scheme, including any Workers Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

SECTION 14 **DISPUTES**

Dispute Resolution. Any dispute arising between the Parties regarding a Party's performance of its obligations under this Agreement or requirements related to the interconnection of the Interconnector's Facilities shall be resolved according to the procedures in Utility's Gas Rule No. 45.

SECTION 15 **TERMINATION**

(a) Termination.

(i) Termination of Agreement. This Agreement may be terminated under any of the following conditions:

(A) Interconnector may terminate this Agreement for any reason by providing Notice at least sixty (60) days prior to the end of the then-current term of this Agreement, such termination to take effect at the end of such term unless otherwise agreed to by the Parties.

(B) Utility may terminate this Agreement at any time after the primary term by providing Notice at least sixty (60) days prior to the end of the then-current term, such termination to take effect at the end of such term unless otherwise agreed to by the Parties.

(C) Utility may terminate this Agreement upon Notice to Interconnector if Interconnector has made a material misrepresentation concerning any of the provisions in this Agreement and/or the Exhibits, including the Conditions Precedent described in Section 3, and/or the representations in Exhibits B or C.

(D) Utility may terminate this Agreement upon Notice to Interconnector if Interconnector fails to comply with any of the quality, operational, and Renewable Gas delivery requirements in this Agreement, including the Renewable Gas quality and delivery requirements in Sections 5(c), (g) and (h).

(E) Utility may terminate this Agreement upon Notice to Interconnector if (1) any representation or warranty made by the Guarantor was false or misleading

when made, or (2) the Guarantor fails to make any reasonable payment required or to perform any other material covenant or obligation in the Guaranty.

(F) Utility may terminate this Agreement upon Notice to Interconnector if all of the Utility System assets are retired, abandoned, or deactivated by Utility, or are otherwise permanently removed from service.

(G) Utility may terminate this Agreement upon Notice to Interconnector if Utility determines, in its sole discretion, that its eligibility status under the Hinshaw Exemption as described in Section 1(c) may be adversely affected by its performance under this Agreement.

(H) Utility may terminate this Agreement upon Notice if a Balancing Agreement is not executed prior to the date that Release to Operations occurs.

(I) Utility may terminate this Agreement if Interconnector fails to meet Utility's requirements specified in Section 16.

(J) Utility may terminate this Agreement if Interconnector fails to make substantial progress, as determined by Utility in its sole discretion, on the engineering, procurement, construction, and/or installation of the Utility Facilities in accordance with Exhibit F, if Interconnector has elected the Self-Build Option.

(K) Utility may terminate this Agreement if Interconnector has failed to make any payment(s) required under this Agreement in the timing required in this Agreement.

(L) Utility may terminate this Agreement if suspension of Renewable Gas deliveries or receipts as described in Sections 5, 6, or 7 continues for a period of six (6) months without either resolution of the underlying situation, or a mutually agreed upon written plan of resolution.

(M) Utility may terminate this Agreement if Interconnector fails to comply with any of the Gas flow requirements in Sections 5(d) or (f).

(N) Utility may terminate this Agreement if there is a suspension of access at the Interconnection Point, as described in Section 1.7 of Exhibit F.

(O) Utility may terminate this Agreement if Interconnector does not agree to pay for repairs, upgrades, modifications or replacements under Section 4(d), unless a mutually acceptable arrangement for the delivery of Interconnector's Renewable Gas into the Utility System has been made prior to such termination.

(P) Utility may terminate this Agreement if Interconnector breaches or otherwise fails to perform or observe in any material respect any provision of this Agreement not otherwise addressed in this Section 15(a).

(Q) Either Party may terminate this Agreement (1) in the event the Utility Facilities are not Released to Operations within two (2) years after the Effective Date; (2) in the event that any of the conditions in Section 3(a) have not been satisfied or waived by the Parties by the time specified therein; or (3) in accordance with Section 4(c)(i) or 4(c)(ii)(C).

(R) Either Party may terminate this Agreement if the CPUC or FERC at any time asserts: (1) that Interconnector is a public utility or subject to regulation by such regulatory body; or (2) that such regulatory body may prevent either Party from complying with this Agreement.

(S) Either Party may terminate this Agreement if any Applicable Laws and Regulations relating to that Party's obligations under this Agreement, enacted or issued after the Effective Date, materially affects that Party's performance under this Agreement in a manner which is unacceptable to that Party, in its sole discretion.

(b) Cure Period for Certain Termination Events.

(i) Utility shall provide sixty (60) days advance Notice to Interconnector if Utility elects to terminate this Agreement under Sections 15(a)(i)(I) through (P). If Interconnector fails to cure the termination event within such sixty (60) day period, this Agreement shall automatically terminate unless otherwise agreed to by the Parties prior to such termination, without the requirement of any further action by the Parties

(ii) A Party terminating this Agreement under Sections 15(a)(i)(Q) through (S) shall provide Notice to the other Party. Within fifteen (15) days of receipt of the Notice, the Parties shall discuss in good faith whether or not this Agreement can be restructured on a mutually satisfactory basis under the circumstances to address the basis for termination. In the event the Parties are unable to agree on such a restructuring within forty-five (45) days after the first meeting on such matter, this Agreement may either (1) be extended up to an additional ninety (90) days thereafter by mutual consent obtained on or before such forty-fifth (45th) day, or (2) be terminated if any Party, within fifteen (15) days thereafter, gives ten (10) days prior Notice.

(c) Post-Termination.

(i) Upon the termination of this Agreement Utility shall have the right to disconnect the Utility Facilities from Interconnector's Facilities.

(ii) Termination of this Agreement shall not release either Party from its obligation to make payments or compensate the other Party for damages or costs, if any are due or have been incurred, or for amounts accrued or then due and owing, or for any amounts required or owed under this Agreement.

(iii) Notwithstanding the termination of this Agreement, the rights and obligations of each Party, which contain or refer to subject matter which relates to time periods subsequent to the termination of this Agreement, shall survive, including Sections 4(e), 9, 11, 12, 13, and 14.

SECTION 16

PERFORMANCE ASSURANCE: GUARANTY

(a) Any Interconnector which is delivering Gas into the Utility System under an existing access agreement shall be deemed creditworthy unless the Interconnector shows a pattern of material past due payments or the Interconnector's financial condition has materially degraded.

(b) Utility shall have the right, but not the obligation, to reevaluate the creditworthiness of any Interconnector whenever such Interconnector fails to fulfill its financial obligations under this Agreement or whenever the financial condition of the Interconnector has materially changed, including but not limited to

a change or transition in ownership, a request for a substantial increase in the amount of Gas to be delivered to Utility has been made, or significant under-deliveries have occurred

(c) In the event a reevaluation of credit of an existing Interconnector is deemed necessary by Utility, or if Interconnector is a new Interconnector, such Interconnector shall provide Utility with such Interconnector's most recent annual report and the Interconnector's most recent SEC Form 10-K or a copy of the Interconnector's audited financial statement.

(d) The creditworthiness evaluation may be performed by an outside credit analysis agency selected by Utility, with final credit approval granted by Utility. The creditworthiness evaluation shall consider the credit facilities that are already in place between Utility and the Interconnector and the Interconnector's affiliate(s) so that the credit coverage is not duplicative. Also, a third party (the "Guarantor") shall be allowed to assume creditworthiness on behalf of the Interconnector in accordance with the following provisions:

(i) Utility may accept a guaranty in an amount, from an issuer, and in a form acceptable to Utility in its sole discretion (the "Guaranty") from the Guarantor.

(ii) The Guarantor shall deliver and maintain the Guaranty until such time when the Interconnector is able to demonstrate the Interconnector's creditworthiness to Utility, as determined by Utility in its sole discretion. The Interconnector shall be in default of this Agreement if a replacement Guaranty (in a form, from an issuer and in an amount acceptable to Utility in its sole discretion) or a cash deposit or Letter of Credit in an amount determined by Utility in accordance with Section 16(e) is not received within fifteen (15) days of Utility's notice to the Interconnector of a determination that the Guarantor is no longer creditworthy (or Utility is unable to determine the creditworthiness of the Guarantor), as determined by Utility in its sole discretion.

(e) In the event Utility denies the Interconnector or its Guarantor an unsecured line of credit, Utility shall provide the Interconnector, within seven (7) calendar days of the denial of credit, with an explanation as to why the Interconnector or its Guarantor was denied credit. If the Interconnector or its Guarantor is denied an unsecured line of credit, Utility shall accept as a security deposit, for a secured line of credit, a cash deposit, or Letter of Credit or other instrument acceptable to Utility that meets the following criteria: the Interconnector's Interconnect Capacity multiplied by 40 days, and then multiplied by the average of the Average California/[_____]² border price index for delivery into Utility ("Daily Index – [_____]³") as reported by the Natural Gas Intelligence ("NGI") (or its legal successor) for each day of the immediately preceding calendar month. If, for any reason, NGI (or its legal successor) ceases to be available, the price index will be based on another generally accepted available publication selected by Utility in its sole discretion.

SECTION 17

ADDITIONAL PROVISIONS

(a) Governing Law, Regulatory Authority, and Rules. The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of California, without regard to its conflicts of law principles. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

² For PG&E, insert "Oregon." For SDG&E, Southwest Gas, and SoCalGas, insert "Arizona."

³ For PG&E, insert "PG&E Citygate." For SDG&E, insert "SoCal Border – Ehrenberg." For Southwest Gas and SoCalGas, insert "SoCal Border Avg."

(b) Interpretation. The following rules of interpretation shall apply:

(i) Unless otherwise specified herein, all references to any agreement or other document of any description shall be construed to give effect to amendments, supplements, modifications or any superseding agreement or document as then existing at the applicable time to which such construction applies.

(ii) Capitalized terms used in this Agreement, including the appendices hereto, shall have the meaning set forth in Section 2 or in Utility's Gas Rule No. 45, unless otherwise specified.

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

(iv) Any reference to any Applicable Laws and Regulation means such Applicable Laws and Regulation as amended, modified, codified, replaced, or reenacted, in whole or in part, and in effective from time to time, including rules and regulations promulgated thereunder.

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

(vi) The term "days" shall refer to calendar days unless otherwise noted as Business Days.

(vii) 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) Amendment. No amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties.

(d) No Third-Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

(e) Waiver.

(i) The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

(ii) Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, or duty of this Agreement.

(iii) Termination of this Agreement for any reason by Interconnector shall not constitute a waiver of Interconnector's legal rights to obtain an interconnection from Utility.

(iv) If any waiver of this Agreement is requested, such request shall be provided in writing.

(f) Entire Agreement. This Agreement, including all Exhibits, and any incorporated tariffs or Gas Rules, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement. This Agreement shall be binding on each Party's successors and permitted assigns.

(g) Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

(h) No Partnership. This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

(i) Severability. If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority: (i) such portion or provision shall be deemed separate and independent; (ii) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling; and (iii) the remainder of this Agreement shall remain in full force and effect.

(j) Governmental Authority. This Agreement shall be subject to all Applicable Laws and Regulations. The Parties agree to abide by the applicable sections of Utility's Gas Rules and tariffs, as revised from time to time. If at any time, the CPUC or any branch thereof, issues a finding or opinion, formal or informal, that this Agreement is inconsistent with CPUC rules, regulations, decisions, or policy, then this Agreement shall be amended to eliminate any inconsistency. This Agreement shall at all times be subject to such changes or modifications by the CPUC as it may from time to time direct in the exercise of its jurisdiction.

(k) Force Majeure. Neither Utility nor Interconnector shall be considered in default in the performance of its obligations under this Agreement, except obligations to make payments hereunder, to the extent that the performance of any such obligation is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of the affected Party ("Force Majeure Event"). A Force Majeure Event shall include acts of God, a public enemy, or a Governmental Authority, strikes, lockouts, riots, rebellions, washouts, earthquakes, wildfires, floods, storms, extreme weather conditions, freezing of lines, pandemics, epidemics, quarantines, or any cause or causes of whatsoever nature (whether like or unlike those herein enumerated) beyond the reasonable control of either Party and which by the exercise of due diligence such Party is unable to prevent or overcome. In the event either Party claims that performance of its obligations was prevented or delayed by Force Majeure, that Party shall promptly provide Notice to the other Party of the circumstances preventing or delaying performance. Such Party so claiming a cause-delayed performance shall endeavor, to the extent reasonable, to promptly remove the obstacles which preclude performance within a reasonable period of time.

(l) Execution of Documents. Each Party shall do all necessary acts and make, execute, and deliver such written instruments as shall from time to time be reasonably necessary to carry out the terms of this Agreement.

(m) Monitoring, Testing, Reporting and Recordkeeping Requirements. Each Party will comply with all federal, state and local reporting requirements and shall adhere to all monitoring, testing, reporting

and recordkeeping requirements issued pursuant to but not limited to CPUC decisions, rules, and General Orders, California Statutes and Health and Safety Codes.

(n) Confidentiality. This Agreement is subject to the terms of that certain Confidentiality Agreement, dated [____], between the Parties in accordance with and to the extent set forth therein.

(o) Publicity. Any public statements, publicity or press releases concerning this Agreement and the transactions contemplated by this Agreement shall be jointly planned and coordinated by and between the Parties. No Party shall act unilaterally regarding such publicity or press releases without the prior written approval of the other Party, which approval shall not be unreasonably withheld.

(p) Cooperation. The Parties shall cooperate with each other to achieve the purpose of this Agreement, including executing such other and further documents and taking such other and further actions as may be necessary or convenient to affect the transactions described herein. Neither party will intentionally take any action, or omit to take any action, which will cause a breach of such Party's obligations pursuant to this Agreement.

(q) Safety and Health. Each Party shall ensure that any time its employees, agents, contractors, or subcontractors are accessing the other Party's facilities, such employees, agents, contractors, or subcontractors are abiding by reasonable safety, operational and drug policies, practices, and procedures, consistent with those customary in the natural gas industry, establishing minimum rules and standards to be followed while working on or near the Interconnection Point.

<< Signature Page Follows >>

ID: _____

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their authorized representatives as of the Effective Date.

[Utility Name Here]

[Interconnector Name Here]

Signature

Signature

Print Name

Print Name

Title

Title

Date

Date

EXHIBIT A
INTERCONNECTOR'S FACILITIES, INTERCONNECTION POINT AND UTILITY
FACILITIES

[UTILITY *METER NUMBER*] – [UTILITY *METER NAME*]

Interconnector's Facilities

Interconnector's Facilities Drawings and Description of Gas Sources, Conditioning and Upgrading Facilities, and Contact Information

Drawings and Description of Interconnector's Facilities and Gas Sources *[Utility to Complete based on Interconnector provided information]*

Description of Process

Block Flow Diagram

Piping & Instrument Diagram

Estimated flow rate (MScf/d)	
Estimated heating value (Btu/Scf)	
Select Renewable Gas resource type at right	<input type="checkbox"/> Waste water treatment plant <input type="checkbox"/> Synthetic Gas <input type="checkbox"/> Dairy farm <input type="checkbox"/> Forest waste <input type="checkbox"/> Non-hazardous landfill <input type="checkbox"/> Food waste <input type="checkbox"/> Agricultural waste <input type="checkbox"/> Other _____
Renewable Gas source project name: _____ _____	Physical Address: _____ _____ _____
Contact Information for Appointed Physical Operator <i>[Interconnector to Complete]</i>	

ID: _____

Name: _____ Company: _____	Mailing Address: _____ _____
Phone: _____ Mobile: _____ Fax: _____ Email: _____	Physical Address (if different): _____ _____

Contact Information for Operating Agent [Interconnector to Complete] [Complete whether or not a Physical Operator has been appointed under this Agreement.]	
Name: _____ Company: _____	Mailing Address: _____ _____
Phone: _____ Mobile: _____ Fax: _____ Email: _____	Physical Address (if different): _____ _____

Utility Interconnection Point and Facilities

Drawings and Description of Interconnection Point and Utility Facilities [Utility To Complete]	
Requested Interconnect Minimum Capacity (MScf/d)	
Minimum Flow Requirement (MScf/d)	
Interconnect Capacity (MScf/d)	
Maximum Delivery Pressure (psig)	
Utility Receiving Pipeline	Line Number: Mile Point: MAOP:
Release to Operations Date	

EXHIBIT B
INTERCONNECTOR DECLARATION

[INTERCONNECTOR NAME] (“Interconnector”) hereby declares that (1) it has title to and is fully authorized to transport all Gas that flows onto the Utility System from the Renewable Gas source(s) referenced in Exhibit A, and (2)_ it will appoint an authorized agent in accordance with the requirements of Utility’s Balancing Agreement.

This declaration is effective as of the signature date below.

Utility may rely on this declaration, and Interconnector warrants that it shall indemnify and hold Utility harmless from and against any and all claims related to its declaration of title and authority to transport Renewable Gas onto the Utility System.

[INTERCONNECTOR NAME]:

Signature: _____

Print Name: _____

Title: _____

Date: _____

Exhibit C – [x]
INTERCONNECTOR NONHAZARDOUS SOURCE CERTIFICATION

I, *[full name of certifying individual]*, being the *[job title]* of *[full legal name of renewable gas interconnector]* (“Interconnector”), hereby certify as follows:

1. I have the authority to execute, and, in accordance with the requirements of Utility’s Gas Rule No. 45 in effect on the date of this Certificate, do hereby execute, this Certificate on behalf of Interconnector;
2. Renewable Gas injected pursuant to this Agreement is not collected from a Hazardous Waste Facility, as that term is defined in Section 25117.1 of the California Health and Safety Code, as may be amended from time to time; and
3. Interconnector is in compliance with the following Health and Safety Code Sections 25421(g)(1) and (2), as they may be amended from time to time; the actual language of the Code sections takes precedence over language written below:

“(1) A person shall not knowingly sell, supply, or transport, or knowingly cause to be sold, supplied, or transported, biogas collected from a hazardous waste landfill to a gas corporation through a common carrier pipeline.”

“(2) A gas corporation shall not knowingly purchase gas collected from a hazardous waste landfill through a common carrier pipeline.”

[INTERCONNECTOR NAME]:

Signature: _____

Print Name: _____

Title: _____

Date: _____

Exhibit C – [x]
INTERCONNECTOR REDUCED SILOXANE TESTING QUALIFICATION CERTIFICATION

I, *[full name of certifying individual]*, being the *[job title]* of *[full legal name of renewable gas interconnector]* (“Interconnector”), hereby certify as follows:

1. I have the authority to execute, and, in accordance with the requirements of Utility’s Gas Rule No. 45 in effect on the date of this Certificate, do hereby execute, this Certificate on behalf of Interconnector;
2. Interconnector’s biogas is sourced only from dairy, animal manure, agricultural waste, forest residues, and/or commercial food processing waste and the biogas does not contain siloxanes;
3. Products containing siloxanes are not used at Interconnector’s facilities in any way that allows siloxane to enter the biogas or biomethane; and
4. Interconnector shall notify Utility within 30 days of discovery, in accordance with the Notice provision in this Agreement, that the certifications set forth in paragraphs 2 or 3 are no longer true.

[INTERCONNECTOR NAME]:

Signature: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT D
INVOICING AND PAYMENT INSTRUCTIONS

(Changes to any of the following information may be made by either Party by giving five (5) Business Day's written notice prior to the effective date of the change.)

Payments to Utility by Wire: (Please include invoice number on the wire to facilitate reconciliation of the payment)	
Business Name	Information To Be Supplied
Mailing Address	Information To Be Supplied
ABA Routing Number	Information To Be Supplied
Account Name	Information To Be Supplied
Account Number	Information To Be Supplied

Payments to Utility by Check: (Please include invoice number on the check to facilitate reconciliation of the payment)	
Business Name	Information To Be Supplied
Mailing Address	Information To Be Supplied

Payments to Interconnector:	
Business Name	Information To Be Supplied
Attention	Information To Be Supplied
Mailing Address	Information To Be Supplied

Invoices to Interconnector:	
Business Name	Information To Be Supplied
Attention	Information To Be Supplied
Mailing Address	Information To Be Supplied

**EXHIBIT E
FORM OF WORK ORDER**

1. Scope of Work.
2. Payment.
3. Additional Information or Requirements.

IN WITNESS WHEREOF, the Parties hereto have caused this Work Order to be duly executed by their authorized representatives as of the last date set forth below.

[Utility Name Here]

[Interconnector Name Here]

Signature

Signature

Print Name

Print Name

Title

Title

Date

Date

EXHIBIT F
INTERCONNECTOR'S SELF-BUILD OPTION

1.1. Self-Build Facilities. Where Interconnector has elected the Self-Build Option with respect to the Utility Facilities (such Utility Facilities, the "Self-Build Facilities"), all work must be performed in accordance with (a) Utility's planning and design standards and practices, design criteria, specifications for equipment and materials, construction standards and methods, and operational and maintenance requirements (all of which Utility shall make reasonably available to Interconnector for Interconnector's inspection and subsequent use), and (b) all Applicable Laws and Regulations, including jurisdictional permit requirements. Utility reserves the right to provide to Interconnector and Interconnector shall accept and use if provided, certain elements of the design of Utility's choosing, including the Screening Study, Interconnect Capacity Study, Preliminary Engineering Study (each as described in Utility's Gas Rule No. 45), standard facility designs, and/or the measurement elements of the design, including the meter, Gas chromatograph, Programmable Logic Controller (PLC), SCADA controller, and software logic and programming used to control the Gas measurement equipment and communication between the measurement skid and Utility's SCADA system.

1.2. Interconnector Parties. All design, jurisdictional permitting, and construction and installation work must be performed using Utility-qualified Interconnector Parties. At a minimum, Interconnector shall, and shall contractually require each Interconnector Party to (a) employ and utilize workers properly qualified and skilled, (b) comply with Applicable Laws and Regulations, (c) satisfy the insurance requirements set forth in Attachment 1 to this Exhibit F, and (d) indemnify and defend Utility and hold it harmless, in accordance with the terms of this Agreement, from all liability in connection with Interconnector's or an Interconnector Party's work.

1.3. Self-Build Facilities Installation. Interconnector shall be responsible for the actions or inactions of each Interconnector Party as well as for all construction and installation, equipment, and facility requirements arising out of or in connection with the Self-Build Facilities, all at Interconnector's expense and all as further documented in the applicable Work Order(s), including all trenching/excavation, backfilling compaction, surface repair, including furnishing any imported backfill material required, furnishing and installing all measurement, processing, monitoring equipment, pipes, valves, fittings, regulators, meters, analyzers, and substructures, all in accordance with Utility's specifications.

1.4. Inspection of the Self-Build Facilities. Any and all work of Interconnector with respect to the Self-Build Facilities is subject to inspection, testing, and acceptance or rejection by Utility at all times in accordance with the testing methods and acceptance criteria set forth in the applicable Work Order or, if none, in accordance with such methods and criteria as Utility determines before or at the time of any such inspection. All such inspection and testing shall be performed by Utility personnel and/or agents and shall be paid for by Interconnector. Without limiting the generality of the foregoing, Utility shall have, at its sole discretion, the right to establish design and construction hold points for engineering and inspection oversight, and approve that the engineering, design, permit and/or installation and construction of Self-Build Facilities comply with Utility's standards, specifications, plans, procedures and other requirements. Interconnector shall not proceed to work beyond the hold points until receiving clearance from the Utility to do so. Interconnector acknowledges and agrees that such right of inspection of the Interconnector's work by Utility will not relieve Interconnector of responsibility for the proper performance of the work, nor shall such inspection waive Utility's right to reject the work at a later date. Interconnector agrees not to rely upon such inspections and approvals to meet Interconnector's responsibilities under this Agreement or for any

other purpose, and agrees to hold Utility harmless from, and Interconnector hereby releases Utility from, any and all liability related directly or indirectly to the use or application of such inspections and approvals.

1.5. Final Acceptance of Self-Build Facilities. As part of and as a condition precedent to Utility's final acceptance of the Self-Build Facilities, Utility shall have the right to (a) inspect, test, and accept or reject all construction and installation work, (b) review all final control and measurement system(s) programming and configuration, (c) perform acceptance testing, (d) commission the Self-Build Facilities (including functional, logic, programming and communication checkouts), (e) require that Interconnector deliver all documentation related to the Self-Build Facilities, including all as-built drawings, warranties, spare parts, attic stock, and manuals, and (f) perform such other tasks or deliver such other project documentation, licenses, permits, registrations, and certificates, as deemed necessary by Utility, in its sole discretion, to enable Utility to accept such Self-Build Facilities. All such inspection, testing, commissioning and other work to be performed by Utility as part of its final acceptance of the Self-Build Facilities shall be performed by Utility personnel and/or agents and shall be paid for by Interconnector. Utility shall have a minimum of thirty (30) days following the completion of construction and prior to the date that Release to Operations occurs to perform programming, testing and commissioning activities. If Utility finds any defect in or noncompliance with the Self-Build Facilities, it shall deliver Notice to Interconnector identifying such defect or noncompliance, and any outstanding work or deliverables related thereto. Interconnector shall then promptly have such defective or noncompliant work remedied at its expense; provided, however, that Interconnector shall only perform such remediation work after Utility, at its sole discretion, determines that it can safely disconnect, and does disconnect, the Self-Build Facilities from the Utility System.

1.6. Ownership of Self-Build Facilities. Upon final acceptance of the Interconnector-designed and/or constructed Self-Build Facilities by Utility, which shall occur no earlier than all of the requirements set forth in Section 1.5 of this Exhibit have been satisfied in Utility's sole discretion, ownership of such Self-Build Facilities shall transfer to (and vest in) Utility in accordance with the terms of an Agreement for Transfer of Ownership of Interconnection Point Systems (Form []) executed by the Parties. All Self-Build Facilities installed pursuant to this Agreement or otherwise shall be and remain at all times, the sole property of Utility.

1.7. Non-Compliance with Applicable Laws and Regulations or Utility Standards. If, prior to the transfer of ownership of the Utility Facilities from Interconnector to Utility, the Interconnection Point and/or the Utility Facilities are deemed noncompliant with any Applicable Laws and Regulations or Utility's standards, specifications and requirements, in each case, as interpreted by Utility in its sole discretion, Utility may send Interconnector a Notice of the noncompliance and, to the extent the noncompliance does not, in Utility's sole discretion, require immediate action, provide a cost estimate and scope of additional work for correction that would be done pursuant to the terms herein. Interconnector shall have thirty (30) days to respond to Utility with payment of estimated costs for the specified remediation project. If immediate action is required, Utility may suspend access and take whatever other measures it deems reasonable and prudent, including disconnecting Utility Facilities from Interconnector's Facilities and from Utility's system and depressurizing Utility's Facilities, unless and until Interconnector has funded remediation pursuant to a Work Order. Further, if the remediation work qualifies to be done as part of Interconnector's Self-Build Option, Interconnector shall respond within such thirty (30) days and elect to self-perform such remediation work pursuant to the terms of Exhibit F following Utility's disconnection and depressurization, if applicable, of Interconnector Self-Build Facilities. At such time Interconnector must pay Utility's estimated costs to be incurred for such self-performance of the remediation work and guarantee that the completion date for the work will be the earlier of (A) such completion date as prescribed by the applicable Governmental Authority, if applicable, and (B) within six (6) months of the Notice of non-compliance. Failure by Interconnector to provide an acceptable and timely response to Utility shall, without limiting Utility's other rights set forth in this Agreement, result in a suspension (or continued

suspension) of access at the Interconnection Point until such time as the identified issue is corrected to Utility's satisfaction.

1.8. Warranty. Prior to the final acceptance of the Self-Build Facilities by Utility, Interconnector shall be responsible for (a) the continued maintenance of the Self-Build Facilities to preserve its integrity, (b) the safe and reliable operation of the Self-Build Facilities in accordance with Applicable Laws and Regulations, and (c) all injury and damage resulting from operation of the Self-Build Facilities. After transfer, Utility shall assume responsibility for operation of the Self-Build Facilities and provision of service and shall, per the terms of this Agreement, assume liability for operation of the Self-Build Facilities except with respect to defects known to Interconnector and not disclosed to Utility during the transfer of ownership process or breach of Interconnector's representations. Interconnector warrants that all work and/or equipment furnished or installed by Interconnector and/or any Interconnector Parties shall be free of defects in workmanship and material, in accordance with CPUC General Order 112-F (or its successor) and each other applicable CPUC General Order as well as Utility's planning, design standards, design criteria, and specifications, and shall otherwise meet or exceed Good Utility Practices. Interconnector shall require a warranty on installation and parts from all such Interconnector Parties that is acceptable to Utility, in its reasonable discretion (it being understood that any such warranty will be deemed reasonable if it is equivalent to the warranty Utility would receive on such installation and parts from such Interconnector Party absent Interconnector's election of the Self-Build Option), and shall assign such warranty to Utility. Should the Self-Build Facilities develop defects during the applicable warranty period, Utility, at its election, shall either (a) repair or replace the defective work and/or equipment per the terms of this Agreement, or (b) demand that Interconnector repair or replace the defective work and/or equipment. In either event, Interconnector shall be liable for all costs, claims or other liabilities associated with such repair and/or replacement. Interconnector, upon demand by Utility, shall promptly correct, to Utility's satisfaction and that of any Governmental Authority, any breach of any warranty.

1.9. Environmental Terms and Conditions.

1.9.1. For purposes of this Agreement, the following terms shall have the following meanings:

1.9.1.1. "Hazardous Materials" means any chemical, substance, material, controlled substance, object, product, by-product, residual, condition, solid, hazardous waste, or any combination thereof, that is hazardous to human health, safety, or the environment due to its ignitability, corrosivity, reactivity, toxicity, or other harmful or potentially harmful properties or effects. Hazardous Materials include (a) any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, and substances defined as "hazardous substances," "hazardous material," "hazardous wastes," or "toxic substances" in, under, or pursuant to any EH&S Law, and (b) oil or petroleum products, asbestos, and any asbestos containing materials, radon, polychlorinated biphenyls, urea formaldehyde insulation, lead paints and coatings, and all of those chemicals, substances, materials, controlled substances, objects, conditions, and waste, or any combination thereof, that now are, or after the Effective Date become listed, defined, or regulated by any EH&S Law.

1.9.1.2. "EH&S Law" means any and all applicable federal, state, regional, county, or local law, regulation, decision of the courts, ordinance, rule, code, order, directive, guideline, permit, or permit conditions, which, on or after the Effective Date relate in any way to worker or workplace safety, environmental conditions, environmental quality or policy, or health and safety issues or concerns (including product safety). EH&S Law includes the Comprehensive Environmental Response, Compensation and Liability Act of 1980,

the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, the Carpenter-Presley-Tanner Hazardous Substance Account Act, the Toxic Substance Control Act, the Safe Drinking Water and Toxic Enforcement Act, the California Hazardous Waste Control Law, the Occupational Safety and Health Act, the California Occupational Safety and Health Act, the Porter-Cologne Water Quality Control, and, in each case, applicable regulations or rules promulgated thereunder.

1.10. Without limiting Section 1.2 of this Exhibit F, Interconnector agrees to use, and agrees that it shall require each Interconnector Party, if any, to use only personnel who are qualified and properly trained and who possess every license, permit, registration, certificate or other approval required by any applicable EH&S Law or Governmental Authority to enable such personnel to perform their work involving any part of Interconnector's obligations under this Agreement.

1.11. Interconnector agrees that all materials and equipment to be supplied or used by Interconnector or any Interconnector Party in the performance of its obligations under this Agreement, including vehicles, loading equipment, and containers, shall be in good condition and fit for the use(s) for which they are employed by Interconnector or such Interconnector Party, if any. Interconnector further agrees that none of the materials to be supplied or used by Interconnector and any Interconnector Party in the performance of its obligations under this Agreement shall contain asbestos or asbestos-containing materials, unless feasible alternatives or commercially reasonable replacements do not exist or are not available. Such materials and equipment shall at all times be maintained, inspected and operated as required by applicable EH&S Law. Interconnector further agrees that all licenses, permits, registrations and certificates or other approvals required by any EH&S Law or Governmental Authority shall be procured and maintained for such materials and equipment at all times during the use of the same by Interconnector or any Interconnector Party in the performance of any of Interconnector's obligations under this Agreement.

1.12. Interconnector specifically agrees that in the performance of its obligations under this Agreement, Interconnector shall at all times fully comply with and cause each Interconnector Party, if any, to fully comply with all applicable EH&S Laws. Interconnector shall immediately inform Utility of any conflict between any EH&S Law and any Utility standard practice or description of any of Interconnector's obligations under this Agreement, but such duty to inform shall not relieve Interconnector of any liability or indemnity requirement for failure to comply with all applicable EH&S Laws. Interconnector further agrees that Interconnector shall obtain and maintain in effect at all times, and cause all Interconnector Parties to obtain and maintain in effect at all times, at its and their sole cost and expense, all licenses, permits, registrations, certificates, and approvals required by any EH&S Law or by any Governmental Authority for the work undertaken by Interconnector or such Interconnector Parties and in the performance of Interconnector's obligations under this Agreement.

1.13. All Hazardous Materials used in connection with the obligations required under this Agreement shall be promptly and properly managed, containerized, stored, removed, transported and disposed of by Interconnector in accordance with all applicable EH&S Law. Without in any way limiting the foregoing, Interconnector shall not, under any circumstances, cause or permit the spillage, discharge, emissions, or release of any Hazardous Materials in the performance of Interconnector's obligations under this Agreement. If spillage, discharge, emission, or release should accidentally occur through Interconnector's actions or the actions of its employees, officers, representatives, contractors or subcontractors, then Interconnector shall immediately notify Utility and take such actions in accordance with Section 1.17 below. Furthermore, Interconnector is absolutely prohibited from creating, disposing, recycling, treating,

releasing or handling any kind of Hazardous Materials at, on or within any Utility-owned or operated facility or property.

1.14. In connection with its performance under this Agreement, Interconnector shall not store any Hazardous Materials for periods in excess of applicable site storage limitations imposed by EH&S Law, other laws or Utility's standard practices, whichever shall be more restrictive. Interconnector shall take, at its expense, all actions necessary to protect third parties, including Utility's tenants, employees, and agents, from any exposure to, or hazards of, Hazardous Materials which are associated in any manner with any of Interconnector's obligations under this Agreement, including site soils and/or groundwater contamination while they are, or should be, under Interconnector's control, as well as any discharges, releases, and spills of such Hazardous Materials. Furthermore, Interconnector may not store any kind of Hazardous Materials, at, on or within any Utility-owned or operated facility or property, without prior written authorization from Utility, which authorization shall be limited solely to specific Hazardous Materials and quantities thereof identified in a list prepared by Interconnector, and solely to certain, specific Utility facilities and properties identified in a list also prepared by Interconnector of where these Hazardous Materials will be stored.

1.15. Interconnector shall comply with all applicable EH&S Laws and the requirements of Governmental Authorities; however, Interconnector shall exert all efforts to reach and consult with Utility's representative prior to making any report to Governmental Authorities pursuant thereto and shall follow Utility's representative's instructions so long as they are consistent with Interconnector's legal obligations.

1.16. In the event of any unauthorized release of a Hazardous Material by Interconnector, Interconnector shall perform the following actions: (a) Take all reasonable steps necessary to stop and contain said release; (b) Make any report of such release as required under EH&S Law; and (c) Clean up such release as required by the applicable Governmental Agency.

1.17. Interconnector shall immediately notify Utility's representative of the following upon the occurrence of any unauthorized release of Hazardous Material in connection with Interconnector's obligations under this Agreement: (a) A description of the release; (b) The identification of the Hazardous Material and the volume released; (c) Death of any person; (d) Property damage; (e) Any communication from any Governmental Agency that alleges that Interconnector is not acting in compliance with EH&S Law; (f) Any communication from any Governmental Agency that affects any permits or licenses necessary to perform Interconnector's obligations under this Agreement.

1.18. Within 36 hours of the release covered by this Agreement, Interconnector shall submit to Utility's representative a written report, in a format required by Utility, describing in detail any event of any release of a Hazardous Material. Such report shall include the following information: (a) Name and address of Interconnector and any subcontractor(s) involved; (b) Name and address of Interconnector's commercial and environmental liability insurance carrier; (c) Name and address of any injured or deceased persons, if applicable; (d) Name and address of any property damage, if applicable; (e) A detailed description of the release including the identification of the Hazardous Material, the date and time of the release, the volume released, and the nature of any environmental contamination; (f) A determination of whether any of Utility's personnel, equipment, tools or materials were involved; (g) A detailed description of all reports made to any Governmental Agency, and a description of the actions taken to respond to the release.

1.19. Interconnector shall NOT: (a) Transport any Hazardous Material that Utility generated for purposes of treatment, storage, recycling and/or disposal or (b) Conduct any treatment, storage, recycling and/or disposal of any Utility generated Hazardous Material unless specifically authorized by Utility in writing to

perform such activities. If Interconnector is authorized by Utility to perform such activities, then the following terms and conditions shall apply:

- 1.19.1. Interconnector shall not transport any Utility generated Hazardous Material to any treatment, storage, recycling and/or disposal facility (hereinafter called "TSDF") not authorized by Utility in writing. Prior to transporting Utility generated Hazardous Material in each case, Interconnector shall confirm that the TSDF has procured and maintained in effect all licenses, permits, registrations, certificates or other authorizations required by any EH&S Law or Governmental Authority to lawfully receive, handle, transport, store, treat, recycle, incinerate, dispose of, or otherwise manage or use such Hazardous Material. Interconnector shall not transport any Utility generated Hazardous Material to any TSDF which is unable or fails to provide such confirmation and Interconnector shall immediately notify Utility. Utility reserves the right at any time, in Utility's sole discretion, to cancel its authorization of any TSDF by written notice to Interconnector.
- 1.19.2. Utility shall, when required by EH&S Law, provide Interconnector with a complete and executed Hazardous Waste Manifest or other shipping documentation for Utility generated Hazardous Material to be transported for treatment, storage, recycling and/or disposal. Interconnector's transportation, recycling, treatment, storage, and/or disposal of any such Hazardous Material in accordance with this Agreement shall be documented by Interconnector utilizing, among other things, the Hazardous Waste Manifest tracking system or other records as required by EH&S Law, copies of which shall be provided to Utility within ten (10) calendar days of shipment.
- 1.20. Upon taking possession of and transporting Hazardous Material conforming to Utility's Hazardous Waste Manifest from Utility's facility, or from any other place of transfer, or upon accepting delivery of Utility's Hazardous Material at an authorized TSDF, whichever circumstances are applicable, the title, risk of loss, and all other incidents of ownership to such Hazardous Material shall be transferred from Utility and vested in Interconnector.
- 1.21. Utility warrants that the Hazardous Waste Manifest(s) or other shipping document required by this Agreement and/or any EH&S Law to be prepared by Utility shall properly identify the Hazardous Material to be transferred to Interconnector.
- 1.22. Interconnector shall provide the following to Utility for each material which Interconnector furnishes under this Agreement: (a) A completed Material Safety Data Sheet (MSDS) for each product or substance which contains a Hazardous Material as defined herein; and (b) A written statement for each material that is a Mixture or Trade Name Product which contains a Toxic Chemical subject to the reporting requirements of Section 313 or EPCRA (40 CFR Section 372 et seq.) including: (i) The name and associated CAS (Chemical Abstract Services Registry) number of the Toxic Chemical; (ii) The specific concentration at which each such Toxic Chemical is present in each such Mixture or Trade Name Product; and (iii) The weight of each such Toxic Chemical in each such Mixture or Trade Name Product.
- 1.23. Indemnification. Without limiting Interconnector's indemnification, defense, and hold harmless obligations otherwise set forth in this Agreement, to the maximum extent permitted by Applicable Laws and Regulations, Interconnector shall be solely responsible for and shall release, indemnify, defend and hold harmless Utility, and Utility's parent and affiliates, including their officers, directors, agents, contractors, and employees thereof, against losses, costs, expenses (including in-house and outside attorneys' fees), claims, enforcement actions, judgments, suits or other obligations or liabilities, resulting from or arising out of or in any way connected with: (a) any Hazardous Material brought onto or generated

at the site by Interconnector (or anyone under or performing work on behalf of Interconnector) during Interconnector's performance of its obligations under this Agreement; (b) the use, storage, transportation, processing or disposal of Hazardous Materials by Interconnector (or anyone under or performing work on behalf of Interconnector) during Interconnector's performance of its obligations under this Agreement; (c) any unauthorized release of a Hazardous Material; (d) any enforcement or compliance proceeding commenced by or in the name of any Governmental Agency because of an alleged, threatened or actual violation of any EH&S Law; (e) any action reasonably necessary to abate, remediate or prevent a violation or threatened violation by Interconnector (or anyone under or performing work on behalf of Interconnector) during Interconnector's performance of its obligations under this Agreement of any EH&S Law; and/or (f) any other cause of whatsoever nature, arising out of or in any way connected with Interconnector's performance or nonperformance of its obligations under this Exhibit F.

**Attachment 1 to Exhibit F (Interconnector's Self-Build Option)
Insurance Requirements**

Instructions: Interconnector will be required to comply with Utility's then-standard insurance requirements, which will be included in this Attachment 1.

ATTACHMENT B

Southern California Gas Company
SB 1440 GASIFICATION/PYROLYSIS PILOT PROJECT FUNDING AGREEMENT

☒ CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED

1. PROJECT OWNER

3. UTILITY

Southern California Gas Company ("SoCalGas")

4. AGREEMENT NUMBER

5. NAME, TELEPHONE, AND EMAIL ADDRESS FOR QUESTIONS REGARDING THIS AGREEMENT

Name

Phone

Email

6. BRIEF DESCRIPTION OF PROJECT ("SB 1440 Pilot Project")

7. AGREEMENT OUTLINE (Include reason for Agreement and details)

8. PAYMENT TERMS (if applicable, more than one may apply).

9. PROJECTED EXPENDITURES
FOR REIMBURSEMENT
(If applicable)

DESCRIPTION

ESTIMATED COST

AGREEMENT TOTAL
(Not to Exceed)

\$ _____

Southern California Gas Company
SB 1440 GASIFICATION/PYROLYSIS PILOT PROJECT FUNDING AGREEMENT

SIGNATURE PAGE

AGREEMENT NUMBER

SB1440-XX

1. This SB 1440 Gasification/Pyrolysis Pilot Project Funding Agreement ("Agreement") is entered into between the Utility and the Project Owner named below:

UTILITY'S NAME

Southern California Gas Company ("SoCalGas")

PROJECT OWNER'S NAME

2. This Agreement is effective upon execution by both parties and shall remain in effect for a primary term of _____ years from the Commencement Date [as defined in the Standard Renewable Gas Interconnection Agreement for the SB 1440 Pilot Project between the parties (the "SRGIA")].

3. The maximum amount of this Agreement is \$_____

4. The parties agree to comply with the terms and conditions of the following schedules and exhibits, which are by this reference made a part of the Agreement:

Schedule A – SB 1440 Pilot Project Information	Page 3
Schedule B – Terms and Conditions	Pages 4 to 10
Schedule C – Payment Provisions and Records Retention	Pages 11 to 12
Schedule D – Project Owner – Demonstration of Project Readiness	Pages 13 to 14
Schedule E – Key Terms and Definitions	Pages 15 to 16
Schedule F – Project Owner Safety Action Plan	Pages 17 to X
Exhibit 1 - SB1440 Woody Biomass Pilot Project Request for Proposal	Pages X to X
Exhibit 2 – Confidentiality Agreement	Pages X to X

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

PROJECT OWNER

PROJECT OWNER'S NAME (*Organization's Name*)

BY (*Authorized Signature*)



DATE SIGNED (*Do not type*)

PRINTED NAME AND TITLE OF PERSON SIGNING:

ADDRESS

SOCALGAS

UTILITY NAME

Southern California Gas Company

BY (*Authorized Signature*)



DATE SIGNED (*Do not type*)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

SCHEDULE A

SB 1440 PILOT PROJECT INFORMATION

1. SoCalGas shall provide SB 1440 Pilot Project incentives to the Project Owner as stated for the SB 1440 Pilot Project described herein.

2. The **SB 1440 Pilot Project and Administrative Contacts** for this Agreement are:

FOR SOCALGAS:	FOR PROJECT OWNER:
Name:	Name:
Title:	Title:
Address:	Address:
City/Zip:	City/Zip:
Phone:	Phone:
Email Address:	Email Address:

SCHEDULE B

TERMS AND CONDITIONS

1. General Description of Agreement

a. Background

Senate Bill 1440 (Hueso, 2018), signed by Governor Brown on September 23, 2018, requires the California Public Utilities Commission (“CPUC”), in consultation with the California Air Resources Board (“ARB”), to consider adopting specific biomethane procurement targets or goals for each investor-owned utility (“IOU”) providing gas service in California with the intent that such IOU procure its proportionate share, as determined by the CPUC, of biomethane annually.

On November 21, 2019, the CPUC initiated Phase 4 of Rulemaking (R.) 13-02-008 (“Rulemaking”) to implement SB 1440.

On June 3, 2021, the assigned Administrative Law Judge (“ALJ”) issued a ruling (“Biomethane Procurement Ruling”) in the Rulemaking directing parties to comment on an Energy Division staff proposal (“Staff Proposal”) recommending establishment of a biomethane procurement program for California’s four gas IOUs. The Biomethane Procurement Ruling directed parties to address specific questions related to the Staff Proposal and comment on any relevant issues not addressed in it. The Staff Proposal recommended that California’s two largest IOUs – SoCalGas and Pacific Gas and Electric Company (“PG&E”) – submit an application to the CPUC by no later than the end of 2022 for one pilot project each that can convert forest and agricultural waste into biomethane.

On February 25, 2022, the CPUC issued Decision (D.) 22-02-025 (“SB 1440 Decision”)¹ establishing, amongst other things, a framework directing SoCalGas and PG&E to submit an application (“Application”) to the CPUC by July 1, 2023 for at least one woody biomass pyrolysis/gasification pilot project that would include procurement of Bio-SNG from agricultural, forest, and/or urban wood waste using methanation, as determined by each utility.

The SB 1440 Decision further directs SoCalGas to set aside \$19.704 million from SoCalGas’s 2022 Cap-and-Trade Program allowance auction proceeds to support the cost of connecting one or more gasification/pyrolysis SB 1440 Pilot Project(s) to the SoCalGas pipeline.² SDG&E and/or SWG, as wholesale customers of SoCalGas, may direct their respective share of allowance proceeds collected pursuant to the SB 1440 Decision to be used to offset SB 1440 Pilot Project costs in SoCalGas’s service territory, if SDG&E or SWG procure a portion of the biomethane produced from that facility or facilities.³

¹ <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M454/K335/454335009.PDF>.

² See SB 1440 Decision, Ordering Paragraphs (“OP”) 43, 44 at 67-69.

³ See SB 1440 Decision, OP 43 at 68.

On [date], the CPUC issued D.XX-XX-XXX ("SB 1440 Pilot Project Decision") approving SoCalGas to collectively work with the Project Owner to implement the SB 1440 Pilot Project.

b. Binding Agreement

Subject to Subsection c. below, this Agreement is a legally binding contract. The parties named in this Agreement are bound by the terms set forth herein and otherwise incorporated herein by reference, and the parties are also bound by the legal and regulatory requirements set forth in the SB 1440 Pilot Project Decision, SB 1440 Decision, and the SB1440 Woody Biomass Pilot Project Request for Proposal ("SB 1440 Solicitation"), which this Agreement is intended, in part, to effectuate.

c. Regulatory Approval

This Agreement is subject to the CPUC's regulatory process and must conform to all CPUC requirements.

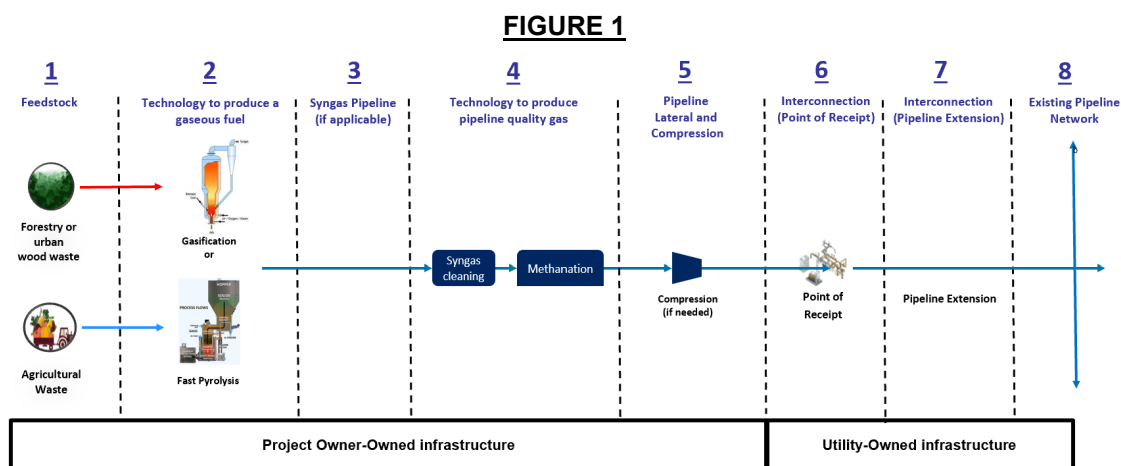
2. Representations

- a. Each person executing this Agreement for the respective party expressly represents and warrants that he or she is authorized to act as signatory for that party in the execution of this Agreement.
- b. Each party represents that: (a) it has the full power and authority to execute and deliver this Agreement and to perform its terms and conditions; (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate entities; and (c) this Agreement constitutes such party's legal, valid and binding obligation, enforceable against such party in accordance with its terms.
- c. Each party shall (a) exercise all reasonable care, diligence, and good faith in the performance of its duties pursuant to this Agreement; and (b) carry out its duties in accordance with applicable federal, state, and local laws, regulations, tariffs, and ordinances and recognized professional standards in accordance with the requirements of this Agreement.

3. General Conditions and Requirements

- a. SoCalGas shall reimburse Project Owner only for allowable expenses for project design, construction or implementation activities in accordance with the: 1) SB 1440 Pilot Project Decision, 2) SB 1440 Decision, and 3) SB 1440 Solicitation and only where all requirements set forth in this Agreement have been met, including but not limited to the following obligations of Project Owner:
 - i. Project Owner must adhere to ALL project conditions and requirements as stated in: 1) the SB 1440 Pilot Project Decision, 2) SB 1440 Decision, and 3) the SB 1440 Solicitation, as well as any requirements imposed by the CPUC.
 - ii. Project Owner must ensure adequate performance of all project activities in Lanes 1-5 in Figure 1 below, including contractor/consultant activities, comply with applicable federal, state, and local laws, regulations, tariffs, and ordinances. Moreover, Project Owner is responsible for obtaining and maintaining all necessary permits, licenses, agreements, and approvals for the construction, operation and maintenance of facilities in Lanes 1-5 in Figure 1 below.

- iii. Project Owner is responsible for the upfront costs associated with the facilities in Lanes 1-5 in Figure 1 below. Project Owner may apply to SoCalGas for reimbursement of the allowable cost of such facilities to the extent consistent with the SB 1440 Pilot Project Decision, as well as any other regulatory requirements; provided, however, SoCalGas shall only be obligated to reimburse the Project Owner an amount not to exceed the lesser of (i) the amount that SoCalGas is authorized to recover from Cap-and-Trade allowance auction proceeds, or (ii) the Agreement Total.
- iv. Project Owner must perform, or cause to be performed, all operation and maintenance costs for the facilities in Lanes 1-5 in Figure 1 below.
- v. SoCalGas will manage all project activities in Lanes 6-7 in Figure 1 below and own and operate the facilities for up to [X] years. The contractual terms for the facilities in Lanes 6-7 in Figure 1 below are contained in the SRGIA.
 1. Project Owner, at its own cost, shall be responsible for all upfront costs to establish electrical service to SoCalGas-owned equipment in Lanes 6-7 in Figure 1 below. The detailed scope of work for the electrical power is contained in the SRGIA.



- vi. Project Owner must submit timely and accurate invoices and reports for Lane(s) [X] during the project term with sufficient detail to distinguish costs for Lane(s) [X] from the other Lanes in Figure 1 above.
- vii. Project Owner must maintain clear and consistent communication regarding project progress status throughout the project, particularly if problems or issues arise resulting in project delays. Upon discovery of problems and/or delays, Project Owner must notify SoCalGas within 3 business days of such problems and/or delays.
- viii. Project Owner must complete the SB 1440 Pilot Project on or before the Target Date (as defined below). The Target Date is the date by which the SB 1440 Pilot Project must be connected to the SoCalGas pipeline and flowing biomethane; such Target Date shall be [X] years after the Project Owner has received notification by SoCalGas of a successful Application. If the SB 1440 Pilot Project is not connected to the SoCalGas pipeline and flowing biomethane on or before the

Target Date, Project Owner must submit an extension request to the SoCalGas delineating project steps and expected online date.

4. Safety Action Plan

In Section 3 of the SB 1383 Dairy Pilot Solicitation⁴ (Pilot Project Program Eligibility Requirements), Subpart 2, the Selection Committee stated the following pertaining to safety for those pilot projects:

Compliance with the CPUC Strategic Directive on Safety: Under the CPUC Strategic Directive on Safety, the CPUC secures health and safety with a goal of achieving zero accidents and injuries. Within its jurisdictional authority, the CPUC focuses on safety policy, risk management, safety assurance, and safety promotion. The CPUC adopts leading safety policies and standards to maximize safety in a cost-efficient manner above and beyond compliance. The CPUC continually identifies, assesses, mitigates, or eliminates the safety risk faced or posed. The CPUC assures that entities comply with the law and have sufficient resources to ensure the safety of the public, workers, and the environment. The CPUC supports efforts to assure that the public, workers and customers, are able to make informed choices and know how to respond to unsafe situations. The CPUC is committed to promoting and continuously improving safety culture.

SoCalGas is also committed to promoting and continuously improving safety culture. Similar to the SB 1383 Pilot Projects, Project Owner must complete a Safety Action Plan and include such Safety Action Plan as Attachment E hereto.

5. Reporting

Project Owner shall adhere to the reporting requirements as stated in the SB 1440 Pilot Project Decision, SB 1440 Solicitation, and as further described in Schedule C hereto. The start date for the initial report will commence on the date the SB 1440 Pilot Project meets the 30 out of 40-day flow requirement as further described in Schedule C hereto. This will be considered day one of the initial reporting period. Project Owner shall submit all frequency reports within 60 calendar days of the last day of the [frequency] reporting period.

6. Project Readiness Demonstration

Prior to SoCalGas incurring significant costs by the procurement of materials and constructing the facilities in Lanes 6-7 in Figure 1 above, Project Owner must demonstrate project readiness by providing the required documentation to show compliance with each of the requirements set forth in Schedule D.

7. Indemnification

⁴ https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_website/content/utilities_and_industries/energy/energy_programs/gas/natural_gas_market/dairypilotssolicitation.pdf.

- a. Project Owner shall indemnify, defend and hold harmless SoCalGas, its officers, directors, representatives, agents, and employees, from and against all claims, demands, losses, damages, costs, expenses, and legal liability connected with or resulting from injury to or death of persons, including, but not limited to, employees of SoCalGas, Project Owner, any project contractor or subcontractor; injury to property of SoCalGas, Project Owner, or a third party, or to natural resources, or violation of any local, state or federal law or regulation, including, but not limited to, environmental laws or regulations, or strict liability imposed by any law or regulation; arising out of, related to, or in any way connected with Project Owner's performance of this Agreement, however caused, regardless of any strict liability or negligence of SoCalGas, whether active or passive, excepting only such claims, demands, losses, damages, costs, expenses, liability or violation of law or regulation as may be caused by the active gross negligence or willful misconduct of SoCalGas, its officers, agents, or employees.
- b. Project Owner acknowledges that any claims, demands, losses, damages, costs, expenses, and legal liability that arise out of, result from, or are in any way connected with the release or spill of any legally designated hazardous material or waste as a result of the work performed for purposes of this Agreement are expressly within the scope of this indemnity, and that the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs are expressly within the scope of this indemnity.
- c. Project Owner shall, on SoCalGas' request, defend any action, claim or suit asserting a claim covered by this indemnity. Project Owner shall pay all costs that may be incurred by SoCalGas in enforcing this indemnity, including reasonable attorney's fees.

8. Notice

All notices provided for herein shall be given in writing, and either hand delivered or sent by prepaid priority courier or by e-mail, in which case a copy must also be sent by prepaid priority courier. In the case of courier delivery, delivery shall be deemed to occur upon confirmation by the courier that delivery has been made. In the case of email delivery, delivery shall be deemed to occur upon confirmation of receipt by other party or upon confirmation by the courier that delivery of the courtesy copy has been made. Unless changed as set forth below the addresses of the Parties for purposes of this Section are as follows:

Project Owner:

Mailing Address:

Email Address:

SoCalGas:

Mailing Address:

Email Address:

The designated contact and address specified herein may be changed by the Party affected after two (2) calendar days written notice.

9. Compliance with Laws and Regulations

- a. During the performance of any work on the SB 1440 Pilot Project, Project Owner and its contractors and subcontractors, agents and employees shall fully comply with all applicable state and federal laws and with any and all applicable bylaws, rules, regulations and orders made or promulgated by any government, government agency or department, municipality, board, commission or other regulatory body; and shall provide all certificates for compliance therewith as may be required by such applicable laws, bylaws, rules, regulations, orders, stipulations or plans.
- b. Project Owner shall require any contractor or subcontractor performing work on the SB 1440 Pilot Project may be contracted to comply with provisions of this paragraph, and agrees to save and hold SoCalGas harmless from any and all penalties, actions, causes of action, damages, claims and demands whatsoever arising out of or occasioned by failure of Project Owner and/or a contractor or a subcontractor to make full and proper compliance with said bylaws, rules, regulations, laws, orders, stipulations or plans.

10. Governing Law

This Agreement shall be deemed to be a contract made under laws of the State of California and for all purposes shall be construed in accordance with the laws of said state.

11. Entire Agreement

This Agreement, the SRGIA, the California Producer Operational Balancing Agreement, and the Confidentiality Agreement between the parties (the "SB 1440 Pilot Project Agreements") consist of the entire agreement between the parties on the subject matter hereof and the SB 1440 Pilot Project Agreements supersede all prior discussions, agreements and understandings, whether oral or written, which the Parties may have in connection herewith and may not be amended or modified except by written agreement of the Parties, and shall not be modified by course of performance, course of conduct or usage of trade. In the event of a conflict between the terms of one of more of these SB 1440 Project Agreements, the term contained in the individual agreement shall govern interpretation of such agreement.

12. Enforceability

If any provision of this Agreement, or the SB 1440 Pilot Project Agreements, is to any extent held invalid or unenforceable, the remainder of this Agreement, other than those provisions which have been held invalid or

unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.

13. Force Majeure

In the event a Party is rendered unable, wholly or in part, by an event of force majeure (as defined in SoCalGas' tariff) to carry out its respective obligations under this Agreement, it is agreed that upon such Party giving notice and reasonably full particulars of such event of force majeure in writing, electronic mail or by telecopy or by telephone (and confirmed in writing within seventy-two (72) hours thereafter), to the other Party within a reasonable time after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such event of force majeure, shall be suspended during the continuance of the effects of the cause, but for no longer period and the Party subject to such cause shall remedy it so far as possible with all reasonable dispatch. In the event of a delay caused by a force majeure event, the time for completion shall be extended by a period of time reasonably necessary to overcome the effect of such delay.

14. Not a Joint Venture

Unless specifically stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation, or liability on or with regard to either party. Each party shall be liable individually and severally for its own obligations under this Agreement.

15. Publicity

Any public statements, publicity or press releases concerning this Agreement and the transactions contemplated by this Agreement shall be jointly planned and coordinated by and between the Parties. No Party shall act unilaterally regarding such publicity or press releases without the prior written approval of the other Parties, which approval shall not be unreasonably withheld.

SCHEDULE C

PAYMENT PROVISIONS AND RECORD RETENTION

1. Invoicing and Payment for Project Owner-Owned Pipeline Infrastructure

- A. SoCalGas shall only be obligated to reimburse Project Owner for allowable expenses for project design, construction or implementation activities in accordance with the: 1) SB 1440 Pilot Project Decision, 2) SB 1440 Decision, and 3) SB 1440 Solicitation and any other applicable legal or regulatory requirements.
- B. In the event Project Owner has a dispute with respect to reimbursement by SoCalGas of allowable expenses, the Project Owner shall send a Notice of Dispute to SoCalGas within ten (10) calendar days of SoCalGas' denial of reimbursement of the full amount requested by the Project Owner. The Notice of Dispute must identify the name of the pilot project, set forth the basis for the dispute and provide supporting documentation. After sending Notice of Dispute, Project Owner shall continue to perform all of its obligations and responsibilities under this Agreement; in the event that Project Owner does not perform in accordance with this Agreement, SoCalGas shall have the right to suspend its performance under the Agreement and the related SB 1440 Pilot Project Agreements, including but not limited to, any payment and reimbursement obligations.
- C. Invoices for Project Owner-Owned Pipeline Infrastructure shall be submitted in accordance with the following milestone payment structure:
- **Milestone Payment 1:** When the SB 1440 Pilot Project spends 35% of the Agreement Total amount for Project Owner-Owned Pipeline Infrastructure, Project Owner may seek reimbursement of those costs by providing detailed vendor invoices and proof of payment(s) for materials/services provided to SoCalGas for approval. The amount of reimbursement may not exceed the costs reflected by the invoices and proof of payment(s).
 - **Milestone Payment 2:** When the SB 1440 Pilot Project spends 70% of the Agreement Total amount for Project Owner-Owned Pipeline Infrastructure, Project Owner may seek reimbursement of those costs by providing detailed vendor invoices and proof of payment(s) for materials/services provided to SoCalGas for approval. The amount of reimbursement may not exceed the costs reflected by the invoices and proof of payment(s).
 - **Milestone Payment 3:** Reimbursement payment up to 15% of the Agreement Total amount for Project Owner-Owned Pipeline Infrastructure will be provided to Project Owner after meeting the 30 out of 40 day flow requirements, similar to the guidance for Incentive Programs eligibility (as defined in SoCalGas Rule 45):

Project Owner must produce biomethane⁵ flow for a minimum of 30 out of a 40 day testing period, within the minimum and maximum measurement range of SoCalGas' meter, as specified by Utility's measurement standards and based on the meter type specified by the Utility. Project Owner must declare in a written notice to the Utility at least two business days

⁵ Biomethane as defined under California Public Utilities Code Section 650.

in advance, the specific start and end date of this 40 day testing period. The 30 out of 40 day requirement is extended 1 day for each day that the Project Owner is unable to produce flow because of an interruption of delivery as set forth in Utility's rule regarding interruption of delivery.⁶ Project Owner may elect to restart the 40 day testing period by providing a new written notice declaring the new start and end dates at least two business days in advance of when the new 40 day testing period is to begin.

Once the 30 out of 40 days flow requirement is met, the Project Owner must provide SoCalGas with detailed vendor invoices and proof of payment(s) for materials/services provided not to exceed 15% of the Agreement Total amount for Project Owner-Owned Pipeline Infrastructure for approval. The amount of reimbursement may not exceed the costs reflected by the invoices and proof of payment(s).

Milestone Payment 4: The final reimbursement payment of up to 15% of the Agreement Total amount for the Project Owner-Owned Pipeline Infrastructure will be provided to Project Owner after meeting the forecasted biomethane production volume of [X] MScfD. Once this requirement is met, the Project Owner must provide detailed vendor invoices and proof of payment(s) for materials/services provided not to exceed the Agreement Total amount for Project Owner-Owned Pipeline Infrastructure to SoCalGas for approval. The amount of reimbursement may not exceed the costs reflected by the invoices and proof of payment(s). The final reimbursement payment will be available for 2 years, starting from the date the 30 out of 40 days flow requirement is met.

- D. **Withdrawal:** If Project Owner withdraws from the pilot and SoCalGas has incurred any costs, including reasonable costs related to termination of the SB 1440 Pilot Project, related to the SB 1440 Pilot Project and/or has made any payments pursuant to any of the SB 1440 Pilot Project Agreements, the Project Owner must reimburse SoCalGas for such costs and return any payments received.
- E. **Payment:** SoCalGas shall make payment Net 45 Days after receipt and approval of an undisputed invoice in accordance with the Milestones provided in Section C above. Project Owner shall work with SoCalGas to be set-up as a vendor in SoCalGas' accounts payable system and complete the required paperwork to receive automated clearing house (ACH) payments.
- F. **Record Retention**
Project Owner shall maintain receipts and records for a minimum of [X] years after the Project Owner has received notification by SoCalGas of a successful Application, and make all receipts and records available for inspection and audit upon the request of SoCalGas, or any of their designees.
- G. **Audits**
SoCalGas reserves the right to conduct a Financial Audit and/or Critical Project Review upon reasonable notice at any time during the term of this Agreement.

⁶ See SoCalGas Rules 23 and 30.

SCHEDULE D

PROJECT OWNER - DEMONSTRATION OF PROJECT READINESS

CHECKLIST

COMMERCIAL	
<input type="checkbox"/>	Project Funding Matrix (Executed)
	<ul style="list-style-type: none"> • Provided actual executed agreements with all investors • Provide actual executed loan agreements from all lenders • Updated Project Budget, including incorporation of the EPC definitive cost estimate, is within approved funding levels
<input type="checkbox"/>	Project Materials Supply Agreements Matrix
	<ul style="list-style-type: none"> • All feedstock (eligible woody biomass) supply agreements in place with sufficient volume to support operations at full capacity • All chemical or catalyst supply agreements are in place with sufficient volume to support operations at full capacity
<input type="checkbox"/>	Project Product Off-take Agreements Matrix
	<ul style="list-style-type: none"> • Identify primary partners/clients and projected biomethane off-take volumes
SITE	
<input type="checkbox"/>	Civil Works and Site Plans Stamped by Licensed Professional Engineer
	<ul style="list-style-type: none"> • Geotechnical evaluations – subsurface conditions accounted for in design and construction cost estimate • ALTA (American Land Title Association) Surveys
<input type="checkbox"/>	Encroachment Permit List/Right of Way Agreements Matrix
	<ul style="list-style-type: none"> • Interconnections (utilities, feedstock, product transportation) have been planned and mutually agreed upon by all associated parties (utility suppliers, feedstock providers, biogas cleaning and methanation system(s), etc.) • Identify which permits have been approved and agreements executed and indicate expected dates of completions for those still pending
<input type="checkbox"/>	Site lease and/or purchase agreements executed for each location
PROJECT	
<input type="checkbox"/>	Project Execution Plan
<input type="checkbox"/>	Long Lead-time/Critical Equipment Issued Purchase Orders and Down Payments
<input type="checkbox"/>	Operations and Maintenance (O&M) Plan
	<ul style="list-style-type: none"> • Overall approach strategy (3rd party service provider, self-perform, etc.) • Training and Staffing Plan • Spare parts plan • O&M agreement with service provider(s)
TECHNOLOGY	
<input type="checkbox"/>	Front End Engineering Design (FEED) Issued by Licensed Professional Engineer

	<ul style="list-style-type: none"> • Process design complete for complete operations at full capacity, including gasification/pyrolysis equipment and cleaning/methanation systems <ul style="list-style-type: none"> – Process and utility equipment specifications – Process flow diagrams (PFDs) and piping & instrument diagrams (P&IDs) – Mass and energy balance for overall process and each site and system/subsystem – Utility and balance-of-plant support requirements
<input type="checkbox"/>	Technical license agreements have been executed and all related fees and royalties are accounted for in capital and operating cost models
ENVIRONMENTAL/REGULATORY	
<input type="checkbox"/>	Project Permit List Matrix (with application status, durations, contacts, costs)
<input type="checkbox"/>	California Environmental Quality Act (CEQA) Determinations Report
	<ul style="list-style-type: none"> • Environmental permit requirements under California Environmental Quality Act (CEQA) and other applicable guidelines and standards as well as local, State and Federal laws are fully identified • Demonstrate CEQA and Permits Compliance (see Section 7.2 and Attachment A of Exhibit 1)
<input type="checkbox"/>	County Planning Approvals
<input type="checkbox"/>	California Air Resource Board Approvals
<input type="checkbox"/>	California State Water Resources Control Board Approvals
<input type="checkbox"/>	Office of the State Fire Marshal Approvals
CONSTRUCTION	
<input type="checkbox"/>	EPC or Contractor Executed Agreement(s)
	<ul style="list-style-type: none"> • Scope of work • Performance and schedule guarantees • Warranties • Acceptance criteria • Testing criteria • Liquidated damages • Startup/Commissioning
<input type="checkbox"/>	Baseline Project Schedule

SCHEDULE E

KEY TERMS AND DEFINITIONS

Word/Term	Definition
Agreement	This agreement - the SB 1440 Gasification/Pyrolysis Pilot Project Funding Agreement
Application	SoCalGas's submittal to the California Public Utilities Commission to seek approval of at least one gasification/pyrolysis SB 1440 Pilot Project(s).
Bio-SNG	Bio-synthetic natural gas ("Bio-SNG") is defined in the R.13-02-008 Phase 4A Staff Proposal as follows: 'A mixture composed primarily of methane, carbon dioxide, and water produced by chemical conversion (catalytic methanation) of purified and conditioned renewable syngas. Also contains low concentrations of carbon monoxide, hydrogen, and other minor constituents.'
Investor-Owned Utilities	Includes: Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Gas Company, and Southwest Gas Corporation
Pipeline Lateral	The pipeline located between the Applicant owned Syngas Conditioning, Upgrading and Methanation Facility and SoCalGas's point of receipt.
Project and Administrative Contact	Designated individuals from SoCalGas and the Project Owner who are the primary contacts for on-going Agreement support
Rulemaking	CPUC Rulemaking 13-02-008 titled, "Order Instituting Rulemaking to Adopt Biomethane Standards and Requirements, Pipeline Open Access Rules, and Related Enforcement Provisions."
SB1383 Pilot Projects	Dairy biomethane pilot projects that demonstrate interconnection to the common carrier pipeline system pursuant to D.17-12-004.
SB 1440 Project Owner-Owned Pipeline Infrastructure	Applicant shall own and operate the facilities identified in Lanes 1-5 (refer to Chapter III, Section C(ii))
SB 1440 Decision	CPUC Decision 22-02-025 titled, "Decision Implementing Senate Bill 1400 Biomethane Procurement Program."
SB 1440 Pilot Project	Woody biomass pilot projects that propose to demonstrate interconnection to the common carrier pipeline system pursuant to the SB 1440 Pilot Project

	Decision.
SB 1440 Pilot Project Agreements	The set of agreements which include: the SB 1440 Gasification Pilot Project Funding Agreement, the SRGIA, the California Producer Operational Balancing Agreement, and the Confidentiality Agreement between the parties
SB 1440 Pilot Project Decision	Future CPUC decision approving SoCalGas to collectively work with the Project Owner to implement the Project
SB 1440 Solicitation	On March 14, 2023, SoCalGas issued the SB1440 Woody Biomass Pilot Project Request for Proposal for SB 1440 Pilot Project(s) to connect to the SoCalGas pipeline system and provide Bio-SNG to SoCalGas for use in accordance with the requirements of SB 1440 (2018, Hueso), and the SB 1440 Decision
SB 1440 Utility-Owned Pipeline Infrastructure	Utility owned and operated interconnection point-of-receipt, and interconnection pipeline extension
Syngas Pipeline	The pipeline located between the gasification or pyrolysis facility and the syngas conditioning, upgrading, and methanation facility