BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.

Rulemaking 08-08-009
(Filed August 21, 2008)

SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
2010 DRAFT RENEWABLE PROCUREMENT PLAN

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), the Amended Scoping Memo and Ruling of Assigned Commissioner Regarding 2010 RPS Procurement Plans (the “ACR”), issued in the above-captioned proceeding on November 2, 2009, San Diego Gas & Electric Company (“SDG&E”) hereby submits its draft 2010 RPS Procurement Plan (the “Plan”).

In the ACR, the Commission established a schedule for submission of draft 2010 plans. It provided two options for submitting draft plans: file a “complete” plan setting forth each of several components identified in the ACR or propose continued use of the 2009 Commission-approved RPS procurement plan with limited updates or changes. As discussed below, SDG&E has elected to submit a “complete” draft plan.

The ACR establishes the components that must be included in “complete” draft plans. It provides that the 2010 plan shall include, but shall not be limited to, (i) solicitation document(s), such as a request for proposal issued by the IOU to solicit interest from developers; (ii) model contract(s) (both long-term and short-term); (iii) a description of each utility’s current least-cost, best fit (“LCBF”) evaluation and selection process using the template developed by Energy Division, and updated transmission
information based on an updated Transmission Ranking Cost Report (“TRCR”); and (iv) all other documents (or references to published, publicly available items) which complete an IOU’s overall plan to procure RPS resources for the purpose of satisfying RPS targets and anything else reasonably necessary to present a complete plan. The ACR further directs that the following issues be specifically addressed in “complete” draft plans:

1. **Overview:** An assessment and discussion of:

   1.1. Supplies and demand to determine the optimal mix of RPS resources (including the analysis used to determine the optimal mix, with the underlying assumptions clearly stated),

   1.2. The use of compliance flexibility mechanisms, and

   1.3. A bid solicitation setting forth relevant need, online dates, and locational references, if any.

2. **Workplan to Reach 20% By 2010 and 33% by 2020:** A showing on each IOU’s workplan to reach 20% by 2010, and 33% by 2020, including but not limited to:

   2.1. Identification of any impediments that remain to reaching 20% by 2010, and 33% by 2020, and

   2.2. What the IOU is doing, or plans to do, to address each impediment, if anything.

3. **Build Own Resources:** A showing on the IOU’s current consideration of whether or not to build its own renewable generation to reach 20% by 2010, and 33% by 2020. This showing must identify specific projects currently under consideration. It must also identify specific generic additions currently under consideration (e.g., 50 megawatts of utility-owned biomass in 2012, even if the specific location and plant name are unknown). If the IOU has decided not to consider this option, the showing must include the IOU’s reasons and justification for that decision.

4. **Imperial Valley Issues:**

   4.1. **Bidders Conference:** A brief report on experience with the 2009 Imperial Valley bidders conference, and recommendation on whether or not the Commission should direct each IOU to conduct another Imperial Valley bidders conference in 2010. (See D.09-06-018 at 11-14, and Item 15.b at A-6.)
4.2. **Remedial Measures for 2010**: A brief report on Imperial Valley results from the 2009 solicitation, and a recommendation on whether or not the Commission should adopt any remedial measures relative to Imperial Valley for 2010 (e.g., automatic short-listing, Imperial Valley bid evaluation metric, special Imperial Valley solicitation, other). (See D.09-06-018 at 16-19.)

5. **SDG&E TOU Factors**: If SDG&E has not yet made this showing in another proceeding, SDG&E must explain why it uses an energy-only approach to setting time-of-use (TOU) factors, and provide both energy-only and all-in factors. (See D.09-06-018 at 46-48, and Item 7 at A-3.) If SDG&E has made this showing in another proceeding, SDG&E should provide a reference to that showing.

6. **Contract Amendments**: Comment on proposed procedures for review of contract amendments.

7. **Other**: Anything else necessary for a full and complete presentation to the Commission of the IOU’s 2010 RPS Procurement Plan, as recommended by the IOU for Commission acceptance.

8. **Important Changes**: A statement identifying and summarizing the important changes between the 2009 and 2010 Plans. This might be a table or bullet point presentation. (It should not be a reprint of the two Plans with strike-out and underlined inserts.) In addition to identifying and summarizing the important changes, the Plan should also include a brief explanation and justification for each important change from 2009 to 2010.

9. **Redlined Copy**: A version of the 2010 Plan that is “redlined” to identify the changes from the 2009 Plan, with a copy for Energy Division, the Administrative Law Judge and any party who requests a copy. (This is separate from the Important Changes item above.)

In accordance with the direction set forth in the ACR, SDG&E’s Plan is attached hereto as Attachment 1. In addition, the following documents are attached as Appendices to the Plan:

- Appendix A – 2010 RPS Solicitation
- Appendix B – RFO Documents
- Appendix C – LCBF Process Description
- Appendix D – Important Plan Changes from 2009 to 2010
- Appendix E – Redline Documents
Respectfully submitted this 18th day of December, 2009.

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ATTACHMENT 1
2010 RPS PROCUREMENT PLAN
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I. INTRODUCTION AND BACKGROUND

In accordance with the direction provided by the Public Utilities Commission (the “Commission”) in the Amended Scoping Memo and Ruling of Assigned Commissioner Regarding 2010 RPS Procurement Plans (the “ACR”), issued in R.08-08-009 on November 2, 2009, SDG&E hereby submits its proposed 2010 Renewables Portfolio Standard (“RPS”) Procurement Plan (the “Plan”).

In the ACR, the Commission set forth certain elements that must be included in all draft Plans. Attachment A of the ACR identifies documents that must be submitted with each Plan and directs that a Complete 2010 Plan includes information in the following format:

A. Program Overview and Metrics

1. Overview: An assessment and discussion of:

   1.1. Supplies and demand to determine the optimal mix of RPS resources (including the analysis used to determine the optimal mix, with the underlying assumptions clearly stated),

   1.2. The use of compliance flexibility mechanisms, and

   1.3. A bid solicitation setting forth relevant need, online dates, and locational preferences, if any.

2. Workplan to Reach 20% By 2010 and 33% by 2020: A showing on each LSE’s workplan to reach 20% by 2010, and 33% by 2020 including but not limited to:

   2.1 Identification of any impediments that remain to reaching 20% by 2010, and 33% by 2020, and

   2.2 What the IOU is doing, or plans to do, to address each impediment, if anything.

3. Build Own Resources: A showing on the IOU’s current consideration of whether or not to build its own renewable generation to reach 20% by 2010 and 33% by 2020. This showing must identify specific projects currently under consideration. It must also identify specific generic additions currently under consideration (e.g., 50 MW of utility-owned biomass in 2012, even if the specific location and plant name are unknown). If the IOU has decided not to consider this option, the showing must include the IOU’s reasons and justification for that decision.
4. Imperial Valley Issues:

4.1. Bidders Conference: A brief report on experience with the 2009 Imperial Valley bidders conference, and recommendation on whether or not the Commission should direct each IOU to conduct another Imperial Valley bidders conference in 2010.

4.2. Remedial Measures for 2010: A brief report on Imperial Valley results from the 2009 solicitation, and a recommendation on whether or not the Commission should adopt any remedial measures relative to Imperial Valley for 2010 (e.g., automatic short listing, Imperial Valley bid evaluation metric, special Imperial Valley solicitation, other).

5. SDG&E TOU Factors: If SDG&E has not yet made this showing in another proceeding, SDG&E must explain why it uses an energy-only approach to setting time-of-use (TOU) factors, and provide both energy-only and all-in factors.

6. Contract Amendments: Respondents and parties should comment on a new Commission proposal to streamline approval of contract amendments. The proposal establishes three levels of Commission review. Routine contract administration items, such as minor modification of project milestones, would be reviewed by the Commission as part of annual ERRA filings. Additional procurement at a Commission approved price would be reviewed under a Tier 1 Advice Letter. All other amendments, including contract changes which would increase costs to ratepayers would be reviewed under a Tier 3 Advice Letter.

7. Other: Anything else necessary for a full and complete presentation to the commission of the IOU’s 2010 RPS Procurement Plan as recommended by the IOU for Commission acceptance.

8. Important Changes: A statement identifying and summarizing the important changes between the 2009 and 2010 Plans. This might be a table or bullet point presentation. (It should not be a reprint of the two Plans with strike-out and underlined inserts.) In addition to identifying and summarizing the important changes, the Plan should also include a brief explanation and justification for each important change from 2009 to 2010.

9. Redlined Copy: A version of the 2010 Plan that is “redlined” to identify the changes from the 2009 Plan, with a copy for Energy Division, the Administrative Law Judge and any party who requests a copy.
II. 2010 RENEWABLES PROCUREMENT PLAN

A. PROGRAM OVERVIEW AND METRICS

1. OVERVIEW

SDG&E’s 2010 Renewable Portfolio Standard (“RPS”) Procurement Plan is designed to achieve two goals: (a) serving 20% of its 2010 retail sales with as much delivered renewable energy as possible, (b) maintain a procurement trajectory to achieve a 33% by 2020 goal, both within a Least-Cost/Best-Fit (“LCBF”) framework. As explained in more detail herein, in order to accomplish its goals, SDG&E will implement a work plan that will include soliciting short-term contracts in its 2010 RPS solicitation, implementing a pilot program for Commission pre-approval of a limited amount of near-term, short-term RPS-eligible transactions, considering bilateral proposals if such opportunity is presented to SDG&E and pursuing utility ownership when economical and prudent. In case SDG&E is unable to achieve the 20% procurement target by 2010 on a deliverable basis, SDG&E has accumulated a sufficient amount in its procurement bank to cover any shortfalls.

1.1 SUPPLIES AND DEMAND TO DETERMINE THE OPTIMAL MIX OF RPS RESOURCES

SDG&E has been successful in adding renewable resources in previous solicitations that represent a diversified portfolio of technologies suitable for SDG&E’s resource needs. SDG&E’s goal is to continue to promote a renewable mix that is wide-ranging in technology types and allows SDG&E to pursue a combination of both power purchase and ownership options, including turn-key and joint ventures. SDG&E’s ability to make upfront decisions regarding an optimal mix of renewable resources is limited
inasmuch as SDG&E is under a directive to comply with the 20% and 33% RPS obligations and the required evaluation methodology does not consider optimal fit as an LCBF element. The Commission makes no provision in its RPS compliance rules to allow a utility to wait for “optimal” resources to be offered into its solicitations. The goal of the RPS program is to achieve 20% to 33% within a specified time period. As such, the selection of renewable resources is not driven by an optimal mix goal, but rather is determined, in accordance with RPS rules, by an assessment based upon quality, price and terms of offers submitted. In essence, SDG&E is required to meet RPS requirements in the most expeditious and cost-effective manner. SDG&E may be prevented from procuring a particular technology due to the lack of offers, or at least reasonably priced offers, for a certain technology. Over the past two solicitation cycles, the majority of offers have been solar thermal or solar photovoltaic (“PV”) projects, a more expensive technology. SDG&E projects that this trend will continue as “low hanging fruit” – i.e., other, less expensive technologies – diminish.

1.2 THE USE OF COMPLIANCE FLEXIBILITY MECHANISMS

To the extent that it is necessary to do so, SDG&E will avail itself of the flexibility mechanisms permitted under the RPS program, including: (1) the ability to sign bilateral agreements, including short-term contracts; (2) the ability to bank purchases in excess of the Annual Procurement Target (“APT”); (3) the ability to withdraw from the bank to make up for purchase shortfalls; (4) the ability to earmark contracts for purchase shortfalls; and (5) the ability to carry forward shortfalls for three years.
1.3 A BID SOLICITATION SETTING FORTH RELEVANT NEED, ONLINE DATES, AND LOCATIONAL PREFERENCES, IF ANY

SDG&E intends to issue a Request for Offers (“RFO”) in 2010 seeking additional offers in accordance with RPS requirements established by the Commission and the California Energy Commission (“CEC”). The RFO will solicit bids from all RPS-eligible technologies located anywhere in California, as well as outside of California provided that the renewable project located outside the State meets the requirements set forth in Public Utilities Code Section 399.16 and CEC eligibility requirements.

Included in SDG&E’s 2010 RFO will be a section intended to encourage bids from projects served by the Sunrise Powerlink transmission line (“Sunrise” or “SPL”).\(^1\)

The section describes outreach efforts aimed at such projects, including:

1) Hosting a special pre-bid conference in El Centro, California where SDG&E will explain:
   a. The key elements of the Commission’s decision approving Sunrise;
   b. The size, route, status and construction schedule of Sunrise;
   c. The estimate of 1,900 megawatts (MW) of Imperial Valley renewables expected to be delivered over Sunrise by 2015, with more than half of that development from high capacity geothermal resources, and
   d. SDG&E’s commitments to:
      1. Not contract for any length of term with conventional coal generators that deliver power via Sunrise,
      2. Replace any approved renewable energy contract deliverable via Sunrise that fails with a viable contract with a renewable generator located in the Imperial Valley region (e.g., a minimum of 2,253 gigawatt-hours (GWh) per year) and
      3. Voluntarily raise its RPS goal to 33% by 2020.

2) The due date for offers from projects served by SPL will be extended by two weeks.

\(^1\) The Commission approved SDG&E’s application for approval of the Sunrise Powerlink in D.08-12-058.
3) The Project Development Fee for shortlisted SPL Projects will be waived.

SDG&E’s RFO will solicit capacity and energy services from repowered, upgraded or new facilities. Products may include unit firm or as-available deliveries starting in 2010 through 2015 for contracts of one month to 20-years or longer terms.

SDG&E will evaluate all resources using the same LCBF evaluation methodology that has been reviewed by its Independent Evaluator (“IE”). Threshold requirements of SDG&E’s 2010 RFO include:

(i) Projects within SDG&E’s service area must be greater than or equal to 1.5 MW, net of all auxiliary and station parasitic loads. At the time SDG&E issues the RFO, this minimum size requirement may require amendment in order to conform with changes made by the Commission to the feed-in tariff (“FIT”) eligibility requirements, if any.

(ii) Projects outside of SDG&E’s service area must be greater than or equal to 5 MW, net of all auxiliary and station parasitic loads.

(iii) Respondents are required to satisfy all requirements established by the Commission and CEC, for participation in the RPS Program. Resources must be certifiable by the CEC as an RPS-eligible renewable resource. Any purchases entered into between respondents and SDG&E will be subject to the RPS requirements established by the Commission and eligibility requirements specified by the CEC.

(iv) Respondents must be willing to execute an agreement in substantially the form of SDG&E’s pro forma Power Purchase Agreement (“PPA”).

Attached as Appendix A is the proposed RFO that SDG&E intends to issue for its 2010 RPS solicitation. SDG&E has also included as Appendix B all RFO accompanying documents including offer forms and its pro forma PPA. The proforma will accommodate both short- and long-term PPAs. Appendix B also contains SDG&E’s Feed-in Tariff (“Renewable Power Purchase and Interconnection Agreement for Public Water or Wastewater Agencies”).
The evaluation criteria set forth in the RFO is consistent with the directives contained in applicable Commission decisions, including D.03-06-071, D.04-06-013 and D.04-07-029. Bids will be assessed an LCBF ranking price based upon the all-in price (including capacity and energy charges), time of delivery adjustment, transmission upgrade costs and congestion costs/credits. For its 2010 LCBF, SDG&E is proposing that the Commission grant SDG&E authorization to assess an integration cost adder to each bid as well. The integration cost could account for costs created by certain resources that require additional ancillary services, load following capability or over-generation, would be developed jointly with SDG&E’s IE and reviewed by the Procurement Review Group (“PRG”) in advance of bids being submitted. If the California Independent System Operator (“CAISO”) or CEC issues a report or recommendation on integration costs values or methodology, SDG&E would consider such recommendations as well. Currently the Commission directs Investor Owned Utilities (“IOUs”) to follow the CEC determination that integration costs are negligible. However, SDG&E believes that integration costs are real and material. Including an adder would ensure that the true cost of a renewable resource is known at the time of contracting. While the Commission in D.08-02-008 declined to permit SDG&E to include integration cost adders as a component of its LCBF, SDG&E continues to believe that the true and complete cost of renewables must be fully considered especially now that the California RPS is heading towards 33% and most new resources, being wind and solar, are intermittent in nature.

SDG&E may use production cost modeling to further evaluate short-listed offers and consider how each projects dispatches within the existing portfolio of SDG&E
resources. This exercise becomes particularly useful as SDG&E approaches its renewable procurement targets and is able to be more selective in its procurement. The ability to integrate and accept for delivery as-available renewable power is an issue that is largely handled by the CAISO; the CAISO has been studying the impact of increased levels of renewable power from the perspective of reliability and has issued a report outlining its concerns and conclusions. The CAISO may in the future propose an integration cost estimate. SDG&E could use such a proposed cost estimate if it is issued by the CAISO.

Pursuant to D.04-07-029 issued on July 8, 2004, qualitative factors will be used as tie-breakers to differentiate projects with similar all-in cost. These factors include (in no particular order of preference):

- Project Viability
- Local reliability
- Benefits to low income or minority communities
- Resource diversity
- Environmental stewardship

The Project Viability qualitative factor will be measured using the Project Viability Calculator (“PVC”) developed by the Commission’s Energy Division. Although the results of the PVC will not be used quantitatively, SDG&E may consider viability as a qualitative factor and will include the PVC in its solicitation materials to provide potential bidders with the ability to self-assess project viability. SDG&E will encourage potential bidders to refrain from proposing a project if their viability score is low, as it would be unlikely for SDG&E to shortlist a project with a low score, regardless of the price. To affirm bidders’ self-scores, SDG&E will re-score projects it intends to
shortlist and those it is rejecting due to low viability scores. This is to ensure that projects that meet the viability threshold are not overly optimistic and projects that are rejected are not being overly pessimistic.

SDG&E’s description of its bid evaluation criteria using the LCBF Written Report Template prepared by the Energy Division is attached as Appendix C. This document describes the methodology for processing and performing LCBF evaluation for all offers submitted in SDG&E’s RFO. The intent is to implement a systematic approach, assessing the merits of all offers using established LCBF quantitative factors without prejudice for or against a particular respondent or particular product type. SDG&E is proposing that short-term offers and long term offers be evaluated using different methodologies. As a result, SDG&E has appended to this LCBF Written Report Template a separate discussion regarding its approach to evaluation of short-term contracts.

SDG&E may utilize outside consultants to perform analysis and to provide overall support for the solicitation. In addition SDG&E will continue to utilize an IE for the 2010 RFO. The IE will review the entire RFO process, including the evaluation criteria, pre-screening method, cost modeling efforts, short-listing and final selections. In addition, the IE will populate SDG&E’s LCBF model, participate in PRG meetings and will submit a report on his/her findings. SDG&E will include the IE reports as part of its advice letter filings seeking Commission approval of contracts that result from this RFO. To the extent the IE’s reports contain confidential information, redacted versions will be made available to the public. The intent is to ensure free and open communication
between the IE and the Commission. SDG&E is committed to conducting an open and transparent solicitation, and to ensuring a fair, reasonable and competitive process.

SDG&E will brief its PRG on a periodic basis during the course of the solicitation and seek feedback on SDG&E’s evaluation, selection and negotiations. SDG&E will seek approval of any agreement resulting from the RFO via the Commission’s advice letter filing process.

SDG&E recognizes that RFOs are only one means of procurement. The Western Electricity Coordinating Council (“WECC”) has a well-established and liquid bilateral market. SDG&E, for the benefit of its ratepayers, intends to make full use of this valuable source of renewable supply. Not only is the bilateral market an important tool for procurement, it is available year-round. RPS RFOs, by contrast, tend to be an annual batch-processing of commercial arrangements. SDG&E anticipates that it may seek approval for bilateral renewable contracts with developers who were unable to participate in the previous RFO solicitation and who are unable to wait until the next RFO solicitation. SDG&E is mindful that bilateral resources must be cost-effective when compared against projects that bid into past RFO solicitations. SDG&E’s ability to consider offers received in response to all-source, non-RPS RFOs, as well as bilateral offers, will widen the scope of resources available to SDG&E. To the extent that a bilateral offer complies with RPS program requirements, fits within SDG&E’s resource needs, is competitive when compared against recent RFO offers and provides benefits to SDG&E customers, SDG&E will pursue such an agreement. SDG&E will brief its PRG during negotiations in connection with such agreements.
2. WORKPLAN TO REACH 20% BY 2010 and 33% by 2020

SDG&E currently has in place executed and approved contracts that will contribute to its renewable resources in 2010 and beyond. For years 2012 - 2014, if all resources deliver as contracted, SDG&E will exceed the trajectory necessary to achieve its goal of 33% by 2020. In order to maximize deliveries in 2010, maintain the current trajectory in 2012 – 2014 and reach the necessary trajectory in 2015 and beyond, SDG&E will take the following steps:

1) Issue a renewables-only RFO in 2010 for projects that can deliver renewable power beginning in years 2010 - 2015. The scope and requirements of the 2010 solicitation will not change from the 2009 solicitation. Details regarding the RFO were discussed in Section 1.3.

2) Continue to negotiate with projects that were shortlisted in previous years but have not yet resulted in filed contracts.

3) Consider bilateral prospects which will satisfy the 20% and 33% RPS mandates. SDG&E believes that the RFO process is a single, limited means of procurement. SDG&E has had equal or greater success negotiating with bilateral offers. Mature, viable projects seem to prefer to seek out buyers on a bilateral basis. Less developed projects seek to take advantage of the RFO process to test the market.

4) Pursue ownership or development partnerships where SDG&E’s participation/ownership would improve project viability, increasing the likelihood that the project will be successful. SDG&E will evaluate any such ownership opportunity in order to ensure that ownership is cost-effective when compared with PPAs, in accordance with guidelines previously established by the Commission. Additional discussion surrounding this issue is within Section 3 of this 2010 Plan.
5) To the extent feasible, to include renewables in non-RPS RFOs where SDG&E is seeking to fill specific resource needs. Should SDG&E issue such an all-source RFO during 2010, and to the extent that offers are received in response to all-source RFOs, such offers will be evaluated and, if economic, selected in accordance with LCBF principles.

6) Plan to procure to 4% to 6% in excess of near term annual renewable supply goals to account for unanticipated project failures, delays or under-deliveries.

7) Make use of SDG&E’s standard tariff to procure renewable energy from certain eligible projects. SDG&E will comply with any Commission directive to expand the eligibility criteria associated with such tariff.

8) SDG&E will avail itself of the flexible compliance mechanisms available within the RPS Program.

9) SDG&E proposes to implement a five-year pilot program (the “Pilot Program”) for Commission pre-approval of a limited amount of near-term, short-term RPS eligible procurement. This proposed Pilot Program entails automatic approval of short-term contracts up to five years in duration. The Pilot Program involves a proposed program procurement cap of 1500 GWH. SDG&E proposes to report in compliance filings how much it has procured from such contracts and to demonstrate in its annual compliance reports that the 1500 GWH limit was not exceeded. Other requirements of this proposed Pilot Program include:

   a) Deliveries will begin within twelve months of contract execution. The contract’s levelized price, including firming and shaping costs, will not exceed a certain pricing cap. SDG&E will work with its IE to determine
this pricing cap on an annual basis and brief the Energy Division and its PRG on the pricing cap.

b) The contract conditions must be consistent with RPS program requirements, must include standard contract terms and must be executed under the approved pro-forma agreement from SDG&E’s approved RPS procurement plan.

c) The IE and PRG must review the contract.

Any contract that meets these criteria and is within the program limit of 1500 GWH would be deemed per se reasonable. SDG&E will account for these contracts within annual ERRA filings. This proposed program will serve the public interest by greatly reducing the administrative burden associated with review of short-term contracts. As noted above, if all resources under contract to SDG&E deliver as currently contracted, SDG&E may exceed the necessary 33% by 2020 trajectory in 2012 – 2014. Therefore, as part of this Pilot Program, SDG&E also seeks Commission authorization for automatic approval of short-term sales contract for years when SDG&E has excess procurement relative to its annual procurement targets. The sales may be for bundled energy or unbundled RECs (if allowed), will be reported in ERRA and all proceeds will be passed through to ratepayers. The nature of RPS contracts calls for large amounts of delivered energy, making it difficult to precisely meet the 20% and 33% targets. The ability to sell excess RPS energy will help smooth out excess “lumpiness” and reduce overall RPS cost to SDG&E’s ratepayers. Automatic approval of a sales agreement will not only reduce administrative burden on the Commission, but will also permit SDG&E to seek buyers and execute deals without concern that delays in Commission approval will interfere with
fleeting sales opportunities. All potential sales agreement will also be reviewed by the IE and PRG prior to execution.

2.1 **IDENTIFICATION OF ANY IMPEDIMENTS THAT REMAIN TO REACHING 20% BY 2010 AND 33% BY 2020.**

The lack of a short-term plan for making use of existing grid transfer capability to support the near-term development of renewable resources is a major impediment to the State's ability to achieve the RPS mandate. When the Sunrise Powerlink goes in service, existing transmission constraints between the Imperial Valley and the San Diego load center will be largely resolved. However, the addition of this transmission line does not, by itself, guarantee construction and connection of renewables generation facilities to the grid. What is needed is (1) analysis that establishes the extent to which the existing transmission network (plus approved transmission upgrades such as the Sunrise Powerlink and Tehachapi segments 1-3) can accommodate the development of renewable resources, taking into account the effects of off-setting reductions in fossil-fueled generation; and (2) based on this analysis, a plan that (i) identifies suitable locations for the construction of new substations that loop-in nearby existing transmission lines; and (ii) provides for connections of specific renewable projects to these new substations, and, where feasible, for connections of specific renewable projects to existing substations. These connections may be utility-financed radial "trunk-lines" or may be developer-financed "gen-ties."

The analysis must consider the value of making renewable resources "deliverable" for Resource Adequacy (“RA”) purposes since the cost of the network upgrades necessary to make some renewable resources deliverable for RA purposes (as are identified through the CAISO's existing study methodology for interconnecting new
generators) may far exceed the RA value attained. Finally, the analysis and plan should not be limited to transmission facilities within the CAISO Balancing Authority; it should consider the availability of existing transfer capability outside the CAISO Balancing Authority as well. Consistent with the concepts described herein, SDG&E is seeking approval for construction of the ECO substation which will loop-in the existing Southwest Powerlink.

Finally, with respect to transmission issue, the Renewable Energy Transmission Initiative’s (“RETI”) Phase 2A report states “large investments in transmission infrastructure will be needed between now and 2020” in order to meet California’s 33% goal. The report identifies potential projects in addition to the Sunrise Powerlink and the Tehachapi Transmission project that are worthy of detail study and consideration by the CAISO and publicly owned utilities.

The American Recovery and Reinvestment Act of 2009 has mitigated previous concerns regarding availability of federal Production and Investment Tax Credit. However, the recent economic downturn has reshaped the project financing landscape. Lending fees have increased, tax equity investors have virtually disappeared and private equity investors now require increased returns before agreeing to invest money.

Increasing costs to build renewable projects also poses a serious challenge to achieving RPS goals. Now that SDG&E has reached its SB 1036 cost cap, it is only obligated to procure renewable energy that is priced at or below the relevant market price referent (“MPR”). However, a project that is below-MPR at the time it is offered to SDG&E may ultimately cost more than was originally estimated due to increases in business costs that occur during the time the project is being developed. The 2009 MPR
has decreased from the 2008 MPR, putting further pressure on costs.

Uncertainty surrounding the availability and timely issuance of land leases from the Bureau of Land Management ("BLM") creates insecurity for project development. The process the BLM established to grant leases has proven to be time-consuming - creating uncertainty, scheduling challenges and corresponding problems with project elements such as financing, permitting, engineering, procurement and construction ("EPC") contracts and supplier contracts. SDG&E’s two geothermal PPAs waited for a BLM lease for nearly seven years.

Two other issues may challenge SDG&E’s ability to achieve its RPS goals. The first, involves debt equivalency. As SDG&E executes an increasing number of PPAs, the cumulative debt equivalence of all these agreements may greatly affect SDG&E’s credit profile and, consequently, its financial standing. Rating agencies include long-term fixed financial obligations, such as purchase power agreements, in their credit risk analysis. These obligations are treated as additional debt during their financial ratio assessment. S&P views the following three ratios, Funds From Operations ("FFO") to Debt, FFO to Interest Expense, and Debt to Capitalization, as the critical components of a utility’s credit profile. Debt equivalence negatively impacts all three ratios. Unless mitigated, a PPA would negatively impact SDG&E’s credit profile as it would degrade credit ratios.

The second issue relates to FASB Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46(R)"). Application of FIN 46(R) rules could also impact SDG&E’s ability to sign new contracts. As part of SDG&E’s overall internal review and approval process for new PPAs, SDG&E conducts a review of whether each such PPA will be subject to consolidation under FIN 46(R) rules. To date, no renewable
PPA has been deemed subject to such consolidation. However, SDG&E believes that it is required to assess each contract within the context of FIN 46(R) in order to determine whether or not SDG&E must consolidate a Seller’s financial information in with SDG&E’s own quarterly financial reports to the Securities and Exchange Commission. Therefore, certain renewable contracts may no longer receive FIN 46(R) exemptions. In particular, wind, solar, geothermal and bio-gas renewable Sellers could be impacted. Application of FIN 46(R) rules could challenge SDG&E’s ability to achieve its RPS goals and add further costs and risk to execution of new renewable contracts. If SDG&E determines that consolidation is required, a Seller must open its books to SDG&E and submit financial information, on a quarterly and monthly basis, as specified in SDG&E’s contract language for the duration of any agreement.

All PPAs are affected by either debt equivalence or FIN 46(R) requirements. The Commission is well aware of the negative impact of debt equivalence on SDG&E’s credit profile. AB 57 requires that the Commission adopt procurement plans that, among other objectives, enhance the creditworthiness of the utility. FIN 46(R) will affect SDG&E’s reported financial data and may have negative impact on SDG&E’s balance sheet and/or credit profile. FIN 46(R) could impact SDG&E’s capital structure on a consolidated basis and cause it to be misaligned with its authorized capital structure. In order to rebalance SDG&E’s capital structure to the authorized one, SDG&E would be required to infuse additional equity to offset the additional debt. Given that SDG&E will be executing contracts for 20% or more of its overall portfolio to meet its RPS goals, SDG&E anticipates that the Commission will address and mitigate the resulting overall impacts of debt equivalence and FIN 46(R) to SDG&E’s capital structure as described
In D.07-02-011 and D.07-12-052, the Commission directed SDG&E to seek relief from costs associated with debt equivalence and FIN 46(R) through future cost of capital proceedings. Under the Cost of Capital Mechanism (“CCM”) recently adopted in D.08-05-035, each utility must file a full cost of capital application every three years. Thus, SDG&E’s next full cost of capital application will be filed in 2010 for a test year of 2011. The Commission acknowledged in D.08-05-035 the potential need to respond to adverse credit impacts caused by debt equivalence and/or FIN 46(R) accounting requirements occurring in the time period between cost of capital proceedings. While it rejected in D.07-12-049 the proposal to establish an automatic capital structure adjustment to be triggered each time a PPA is signed or a FIN 46(R) adjustment is made to a balance sheet, it did approve in D.08-05-035 the ability of each IOU to file a capital structure adjustment application “between the utility’s full cost of capital applications for authority to adjust its capital structure for changes in factors, such as debt equivalence, that may impact utility credit ratings.”

2.2 WHAT THE LSE IS DOING, OR PLANS TO DO, TO ADDRESS EACH IMPEDIMENT, IF ANYTHING.

SDG&E continues to move forward on its plan to design and construct the Sunrise Powerlink. SDG&E has also supported other projects, such as the Tehachapi project, that would provide access to new renewable resources. As a practical matter, however, while SDG&E can propose transmission solutions, it is obviously not within SDG&E’s power to approve these projects. Transmission issues, as well as other issues discussed above require legislative and regulatory fixes. SDG&E has therefore

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2/ D.08-05-035, mimeo, p.7. See also pp.8 and 19, COL #6.
advocated expedited approval of transmission projects. SDG&E has also pursued flexibility in approving short term and bilateral contracts,\textsuperscript{3} and monitors that need for debt equivalence and FIN 46 relief. Finally, SDG&E continues to explore opportunities to build its own renewable resources, as well as other means of promoting development of renewables generation, as discussed below.

3. BUILD OWN RESOURCES: A SHOWING ON THE IOU’S CURRENT CONSIDERATION OF WHETHER OR NOT TO BUILD ITS OWN RENEWABLE GENERATION TO REACH 20% BY 2010

As in past years, SDG&E plans to issue a RPS solicitation in 2010 that includes the opportunity for bidders to offer ownership opportunities to SDG&E. The RFO will include both turnkey development and PPAs with Buyout options. SDG&E continues to study the benefits and issues associated with building its own renewable generation. These efforts are evolving and will be brought to the Commission when they are sufficiently developed. Greenfield development, which typically takes 3-5 years to complete, puts SDG&E-developed projects (other than the solar PV project described below) beyond the 2010 timeframe. SDG&E’s ownership of renewable generation facilities could take a range of forms, from SDG&E acting as outright and sole developer of a project to a joint ownership structure where SDG&E assists a smaller developer, acting as financier or adding other expertise such as regulatory, legal, or permitting.

Among the guidance provided in Decision 09-06-018, the Commission noted with approval the proposal from PG&E to expand its contracting options to include joint development and ownership of projects along with the developer, and encouraged the

\textsuperscript{3} Including allowing earmarking from bilateral contracts.
other two IOUs to adopt a similar expansion of their contracting options. In so
encouraging the IOUs, the Commission observed that certain federal income tax credits
that had previously not been available to utility owned or developed projects had been
extended to the utilities by Congress. Along with those tax credits, the Commission
observed that interest rates had declined and financial markets had deteriorated – all of
which dramatically changed the landscape with respect to the possibility of utility
investment in renewable generation.

In accordance with the Commission’s guidance, SDG&E is currently in
discussion with two entities concerning possible tax equity investment. Early indications
are that with SDG&E’s involvement as a tax equity investor, one or both of these
opportunities could move forward with an increased probability of success, versus
otherwise being stalled due to financing difficulties. SDG&E will continue to evaluate
these and other projects for tax equity investment opportunities and will keep the
Commission apprised of these ongoing discussions. SDG&E will submit any proposals
to the Commission for approval at the appropriate time.

In support of SDG&E’s effort to further diversify its resource portfolio, to
promote deployment of distributed solar generation and to contribute to the State of
California’s renewable energy goals, SDG&E requested Commission approval of its
proposed Solar Energy Project in an application filed July 11, 2008. As is explained in
more detail in the application, A.08-07-017, the SDG&E Solar Energy Project will focus
on areas of the distributed solar generation market that are not currently being served by
the California Solar Initiative (“CSI”) programs. Specifically, SDG&E proposes to
pursue installations that are larger in size than the installations to date in the CSI or
SDG&E’s Sustainable Communities Program (“SCP”)\(^4\) but smaller than the large central station PV generating facilities that are connected to the transmission system. The program is designed to be implemented over a 5-year period and will commence upon CPUC approval. A decision is expected in March 2010. The program consists of both utility-owned and merchant-owned projects, the latter of which would be delivered via power purchase agreements. The utility-owned portion has a proposed cap of $125 million and 26 MW\(_{dc}\).

The typical facility size is expected to be 1 to 2 MW\(_{ac}\) with each installation influenced by the useable space or real estate for a solar installation. This size range offers greater economies of scale than the typical CSI installation while being small enough for siting flexibility on the distribution system.\(^5\) Projects will be valued in terms of annual energy delivered and capacity delivered in summer afternoons. The SDG&E Solar Energy Project will fulfill the following objectives:

1. Deploy distributed renewable solar power generation.
2. Complete renewable projects in a market segment that has not been substantially reached by existing programs.
3. Further diversify SDG&E’s resource portfolio.
4. Increase the capacity of renewable energy on system peak load.
5. Contribute to SDG&E’s RPS goals.
6. Help to achieve SDG&E’s future greenhouse gas (“GHG”) emissions reductions targets.

\(^4\) SDG&E’s Sustainable Communities Program provides incentives for sustainable, efficient building projects and integrates utility-owned distributed generation systems.
SDG&E is exploring opportunities to develop utility-owned wind generation within its service area. SDG&E has signed a Memorandum of Understanding with the Campo Band of Mission Indians of the Kumeyaay Nation, and Invenergy LLC to build a wind energy project capable of generating up to 160 megawatts (MW) of renewable power. The wind energy generated by the project would flow on the Sunrise Powerlink transmission line. Over the next year, Muht-Hei, Inc., the Campo development corporation, in conjunction with the Campo Band Executive Committee, Campo Environmental Protection Agency and the Bureau of Indian Affairs, will finalize the terms of the agreements with Invenergy and SDG&E. SDG&E and the other project developers will complete pre-development siting analyses, placement of testing towers to evaluate wind potential and fulfill environmental clearances prior to construction. The project is expected to commence commercial operation in 2012. SDG&E will continue to brief its PRG on this opportunity.

In 2008 and 2009, SDG&E performed preliminary analysis regarding another wind project within its service area. Unfortunately, the limited acreage available to SDG&E, in combination with setback requirements, affected the economics of the deal by limiting the number of turbines that could be installed. Therefore, SDG&E ultimately concluded that it would not continue development on the site. SDG&E continues to research other potential wind development opportunities.

SDG&E is also evaluating potential opportunities in the Imperial Valley to further develop solar projects to help meet its commitments made in the Sunrise Powerlink

\[5\] Interconnection to the distribution system effectively limits the size of a facility based upon the constraints of the distribution system. Thus, SDG&E expects individual facilities to be in the 1 to 2
proceeding. These opportunities could range from working with land owners and developers to licensing and developing new sites. To the extent that SDG&E’s due diligence efforts reveal ownership opportunities in wind, solar or other renewable technologies that are viable, cost effective, competitive versus RFO-proposed projects, and consistent with Commission RPS-procurement guidelines, SDG&E will submit the projects to the Commission for its consideration.

4. Imperial Valley Issues

In 2009 SDG&E issued the first RPS RFO after the approval of the Sunrise Powerlink. Developers’ anticipation of the new 500KV line and SDG&E’s outreach efforts all contributed to a very robust solicitation. SDG&E received more offers from areas inside and surrounding the Imperial Valley (areas served by Sunrise) than it had received from that area in any previous solicitations.

4.1 Bidder’s Conference.

SDG&E hosted a bidder’s conference at its El Centro office on August 12, 2009. The Imperial Irrigation District (“IID”) attended and made a presentation regarding transmission interconnection procedures. The turnout at the bidder’s conference was robust and SDG&E is planning to host another bidder’s conference in the Imperial Valley, regardless of whether it is ordered to do so. Many developers in the Imperial Valley region are new to the development process and continue to contact SDG&E for opportunities even after the 2009 RFO closed. SDG&E believes developer outreach will help increase industry knowledge and, ultimately, quality of offers.

4.2 Remedial Measures for 2010

MW_{ac} range, but there could be a potential for up to 5 MW_{ac} depending upon location.
SDG&E does not recommend the Commission impose remedial measures relative to Imperial Valley for 2010 as such measures are unnecessary. The number of offers received from the Imperial Valley was high, many times more MWs than can flow over the Sunrise Powerlink. LCBF principals were applied to all bids and Imperial Valley projects were very competitive when compared against projects located outside of the Imperial Valley. The majority of projects on SDG&E’s 2009 short-list were projects that could flow across the Sunrise Powerlink. Finally, the existing least-cost, best-fit methodology is flexible enough that IOUs are permitted to elevate projects if there is compelling reasons to do so, without providing upfront preferential treatment to an entire class of projects. The Sunrise Powerlink is intended to provide access to cost-effective renewable energy. Preferential treatment could increase bid prices for Imperial Valley projects without a commensurate, offsetting benefit.

5. SDG&E TOU Factors.

In D.05-12-042, the Commission concluded that the methodology used to calculate the MPR applied to solicitations in the RPS program should be modified to consider Time-of-Delivery (“TOD”) profiles. The TOD factors submitted by SDG&E in the context of the 2006-2009 RPS RFOs were calculated based on market information and were based almost entirely on publicly available information. SDG&E used the historical hourly price profiles, developed by the E3 consulting firm and adopted by the Commission in D.05-04-024 for use in the evaluation of Energy Efficiency programs, to develop its TOD factors. This historical profile was adjusted so that the on-peak and off-

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6 D.05-12-042, *mimeo*, pp. 17-23.
peak average quarterly prices equaled the on-peak and off-peak average quarterly prices from the SP-15 forward electric market.

5.1 Why SDG&E uses an energy-market approach to setting time-of-use factors.

SDG&E did not include the full cost of capacity based on the direction provided by the Commission in D.05-12-042 regarding what a TOD profile should reflect. Specifically, the Commission made clear in D.05-12-042 that TOD profiles were intended to reflect market behavior, as determined by the conditions faced by a theoretical new owner of a combined cycle gas turbine (“CCGT”). In D.05-12-042 (as modified by D.06-01-029), the Commission noted that “the use of TOD MPR prices introduces the reality that CCGT plants in California generate based on market signals.”

D.05-12-042 contemplates that the CCGT capacity factor used to calculate the final MPR will be based upon on the “revised TODs filed by the utilities with their draft RFOs each year.” The Commission’s rationale is that this calculation reflects a “market behavior approach,” with TOD prices modeling what the owner of a CCGT would face. As long as the Commission used the TOD profile to develop the capacity factor, SDG&E felt constrained to continue to use a TOD profile compatible with the market prices a CCGT owner would face. This rationale is fully documented in D.06-05-039 and in the California Energy Commission Report, “A Summary and Comparison of the Time of Delivery Factors Developed by the California Investor-Owned Utilities for Use in Renewable Portfolio Standard Solicitations,” Report CEC-300-2006-015.

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2 D.05-12-042 (as corrected by D.06-01-029), mimeo, p. 33.
3 Id., p. 35.
4 Id.
While the TOD factors used by SDG&E in all previous RPS RFOs were based upon energy market calculations, capacity costs were included in the evaluation process. SDG&E incorporated those added capacity costs as a “Resource Adequacy Adder.”

5.2 Updated TOU Factors (with both energy-market and all-in factors)

A. Energy Market TOD Factor

SDG&E has calculated an energy market TOD factor consistent with the RPS factors used in the 2005-2009 RPS RFOs. The TOD factor was updated in two ways. First, the summer hourly data was updated to use 2009 data for the SDG&E local area profile in place of the hourly profile from the Energy Efficiency proceeding. Second, the forward market prices were updated to use 2011 electric forward market data for the SP-15 trading hub for relationships of on-peak and off-peak prices using data from Platt’s/ICE forward markets. The year 2011 was used to avoid near-term events (e.g. gas storage levels) from affecting the quarterly and annual relationships and it was before the greenhouse gas market is put in place that may affect pricing relationships. The following are the proposed factors for an energy market TOD factor.

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<th>Current</th>
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<td></td>
<td>Summer</td>
<td>Winter</td>
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<tr>
<td>On-peak</td>
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<td>1.192</td>
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<tr>
<td>Semi-peak</td>
<td>1.181</td>
<td>1.078</td>
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<tr>
<td>Off-peak</td>
<td>0.900</td>
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B. All-in TOD Factor

The all-in TOD factor adds in capacity value to the energy market TOD factors. The calculation of the all-in TOD factor starts with the value of capacity not recovered in energy markets, which is allocated to the TOD periods using a probabilistic analysis, and then the TOD factors are recalibrated.

SDG&E determined the value of capacity not contained in energy markets based on the 2009 MPR costs for a Combined Cycle Gas Turbine including fixed O&M and deducted expected energy rents determined from the expected hourly market prices and MPR CCGT variable operating costs.\[10/\]

SDG&E determined the allocation of capacity to TOD periods using Prosym, a stochastic system dispatch model.\[11/\] It has a chronological structure, accommodates detailed hour-by-hour simulation of the operations of electric systems. This modeling tool and the underlying data are consistent with SDG&E’s Long-Term Procurement Plan.\[12/\]

Stochastic simulation was used to reflect an adjusted load for each hour due to weather volatility and generation forced outages. In a majority of hours there will be sufficient generation to meet the load, and thus there will not be any un-served energy. But in some hours there will be un-served energy if sufficient generation is not available to meet load. Each iteration results in a different number of hours with un-served energy

\[10/\] The 2009 MPR model and Resolution E-4298, Appendix F were used to derive values. In addition, forward electric and gas prices were used to develop market prices and variable operating costs. The results were in the range of the values developed by the CAISO in its analyses of the expected energy rents of a new CCGT and reported in its Market Issues and Performance, 2008 Annual Report, Table 2.9.

\[11/\] More detail on the model can be found at http://www1.ventyx.com/analytics/planning-and-risk.asp.
given the random nature of Monte Carlo draws. The un-served energy occurring in each
TOD period is aggregated across simulations and years to determine the allocation to
each of the TOD periods. This procedure provides an estimate of the value of capacity in
each of the TOD periods.

Using the 2009 MPR 20 year MPR prices, SDG&E proposes the following all-in
TOD factors:

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<td>2.501</td>
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<td>Semi-peak</td>
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<td>Off-peak</td>
<td>0.801</td>
<td>0.679</td>
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</table>

5.3 Proposed TOU Factors and impact on LCBF methodology

In all previous RPS RFOs, TOD factors used by SDG&E were based upon
energy-only calculations, with no capacity costs included. Because of this, a Resource
Adequacy Adder was used to simulate the additional cost of capacity that a given
renewable resource would impose upon the utility in order to bring the renewable
resource to the same availability as a CCGT resource. This was done by adding the
capacity cost of a CCGT less Energy Market Rents (as described above) for the
nameplate capacity of the plant less the capacity of the project listed by the CAISO for
Net Qualifying Capacity, divided by the expected megawatt-hour of the renewable
project. The Net Qualifying Capacity ("NQC") for projects under development and
construction were based upon a Commission adopted number. Each technology’s
capacity requirement is inversely proportional to its NQC. The result was then applied to
the $/MWh levelized bid price of the project.

SDG&E’s LTPP is based serving only the bundled customer’s load, for the modeling here looked at the total load in the SDG&E service area.
In future RFOs, SDG&E intends to use the all-in TOD factors shown above, with capacity costs included in their calculation. This will approximate the effects of both time-of-day energy value calculations and capacity costs in previous RFOs. The Resource Adequacy Adder will be discontinued to avoid double-counting capacity costs.

6. CONTRACT AMENDMENTS:

SDG&E supports the Commission’s proposed review matrix for contract amendments. Indeed, the proposal is very similar to the proposed matrix within SDG&E’s 2009 RPS Plan. It is a workable solution that should be implemented as soon as possible. Any change resulting in higher total contract value would set in motion at least a Tier 1 advice letter. If the Commission believes a more formal Tier 3 is necessary, it can reject the Tier 1 and require an IOU to resubmit via a Tier 3. In practice, however, SDG&E routinely consults with the Energy Division regarding procedural matters. If the proposed matrix is implemented, SDG&E will continue to consult with Energy Division staff to confirm the treatment of upcoming amendments. As the RPS program nears its tenth year and sets aim on a 33% goal, an efficient means of contract review will serve the program well.
7. **OTHER: ANYTHING ELSE NECESSARY FOR A FULL AND COMPLETE PRESENTATION OF ITS 2010 RPS PROCUREMENT PLAN FOR THE COMMISSION’S CONSIDERATION, AS RECOMMENDED BY THE IOU FOR COMMISSION ADOPTION.**

SDG&E has presented all relevant facts and issues surrounding its 2010 Plan within this document and all accompanying attachments and exhibits.

8. **IMPORTANT CHANGES**

A document that identifies, summarizes, explains and justifies important changes between the 2009 and 2010 Plans is attached as Appendix D.

9. **A VERSION OF THE 2010 PLAN THAT IS “REDLINED” TO IDENTIFY THE CHANGES FROM THE 2009 PLAN**

Redlined versions of this document and all other plan documents revised in accordance with D.09-06-018, marked to show changes from the 2009 Plan are attached as Appendix E.
APPENDIX A
2010 RPS SOLICITATION
SAN DIEGO GAS AND ELECTRIC COMPANY
ELECTRIC AND GAS PROCUREMENT DEPARTMENT
8315 CENTURY PARK COURT, CP21D
SAN DIEGO, CA 92123

2010
REQUEST FOR OFFERS

ELIGIBLE RENEWABLE RESOURCES

ISSUED
TBD

OFFERS DUE
+6 WEEKS AFTER ISSUED

OFFERS DUE (FOR PROJECTS IN THE SPL REGION)
+8 WEEKS AFTER ISSUED

RFO WEBSITE
http://www.sdge.com/renewablerfo2010

EMAIL QUESTIONS/COMMENTS TO
renewablerfo@semprautilities.com
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1.0 SCOPE OF REQUEST

San Diego Gas & Electric Company (SDG&E) is issuing this Request for Offers (RFO) to solicit offers from eligible renewable energy generators (Respondents). By responding, Respondents are bound by the terms of this RFO. SDG&E is seeking resources to expand its renewable portfolio. Resources offered must meet the California Renewable Portfolio Standard (RPS) eligibility criteria set forth by the California Energy Commission (CEC). (See Section 5.0 RPS Program Parameters for additional information.)

IN ORDER TO SUBMIT PROPOSALS UNDER THIS SOLICITATION, RESPONDENT’S PROJECT SHOULD HAVE PARTICIPATED IN THE 2010 TRANSMISSION RANKING COST REPORT (TRCR) STUDY APPLICABLE TO THE SPECIFIC UTILITY’S TRANSMISSION GRID TO WHICH THE PROJECT WILL TIE-IN. PROPOSALS FROM RESPONDENTS NOT PARTICIPATING IN THE TRCR MAY BE DEEMED NON-COMFORMING AND DENIED FROM FURTHER CONSIDERATION UNDER THIS SOLICITATION. RESPONSES FROM RESPONDENTS WHO HAVE SYSTEM IMPACT STUDIES (DATED 2006 OR LATER) APPROVED BY THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO) ARE ALSO ACCEPTABLE AND DEEMED IN CONFORMANCE OF THE RFO. SDG&E MAY ENTERTAIN REQUESTS FOR CONSIDERATION OF NON-COMFORMING OFFERS AT ITS SOLE DISCRETION ON A CASE-BY-CASE BASIS. SEE RFO SECTION 4.0 – “RFO RESPONSE INSTRUCTIONS” FOR ADDITIONAL INFORMATION.

Proposed products may be for Peaking, Baseload, Dispatchable (unit firm) or As-available deliveries. Proposed resources may include capacity and energy from:

1) Re-powering of existing facilities;
2) Incremental capacity upgrades of existing facilities;
3) New facilities;
4) New facilities that are scheduled to come online during the years specified in this RFO that have excess or uncontracted quantities of power for a short time frame;
5) Existing facilities with expiring contracts; or
6) Eligible resources currently under contract with SDG&E. SDG&E shall consider offers to extend terms of or expand contracted capacities for existing agreements.

Contracts resulting from this RFO may require the Respondents to comply with the Resource Adequacy (RA) requirements that are being implemented by both the California Public Utilities Commission (CPUC) and the CAISO. SDG&E may use the qualifying RA capacity from any contract resulting from this RFO in its required RA showing for the term of the contract. SDG&E reserves the right to resell RA capacity under contract resulting from this RFO.

Additional resource criteria are described in Section 7.0 Resource Criteria. Resources may be proposed on the basis of any of the alternatives described below.
ALTERNATIVE I.  POWER PURCHASE AGREEMENT
Respondent shall propose a 10, 15 or 20-year power purchase agreement for capacity and/or energy from an eligible renewable resource that can meet the criteria described herein. Proposed short term agreements of up to 9 years in duration and long term in excess of 20 years will also be accepted. Any resultant agreement shall be subject to CPUC approval, regardless of the term. Resources may be located: (a) anywhere in CA or (b) outside of CA so long as they meet the criteria as defined in California Public Utilities Code Section 399.16 and CEC RPS Eligibility Guidebook. All resources must ultimately be delivered to any point within California and must commence deliveries in, 2010, 2011, 2012, 2013, 2014 or 2015. SDG&E prefers that resources located outside of the CAISO control area have adequate firm transmission capability to deliver to the CAISO control area during the delivery term. The generating facility and transmission interconnection must be designed and constructed in conformance with the CAISO various reliability agreements, procedures, protocols, tariffs and standards. The Respondent will own and operate the facilities and be responsible for development, land acquisition, fuel supply source and transportation, permitting, financing and construction for the facilities. Respondents must be poised to sign an agreement in substantially the form of the Model Power Purchase Agreement (Model PPA) (See Section 14.0 Offer Response Forms and Other Documents.)

ALTERNATIVE II.  POWER PURCHASE AGREEMENT WITH SDG&E BUYOUT OPTION
In addition to the PPA described above, Respondents offering new renewable resources may also provide an option price for SDG&E to acquire the facility along with all environmental attributes, land rights, permits and other licenses – thus enabling SDG&E to own and operate the facility at the end of the PPA term. Resources must be located in the San Diego County, parts of Orange County that are within SDG&E’s service area, or Imperial Valley areas and must commence deliveries in 2010, 2011, 2012, 2013, 2014 or 2015. If SDG&E accepts the buyout option, SDG&E would notify the Respondent and exercise the option in Year 9 and pay for the buyout at the end of Year 10. Otherwise, the PPA shall continue until its scheduled conclusion. Respondents may select the overall PPA to be either 10, 15, 20 or more years. The generating facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO’s various reliability agreements, procedures, protocols, tariffs and standards. The offer shall include (1) the capacity and energy price in the delivery term of the PPA; (2) a firm price and the year for the buyout option; and (3) the capacity and energy price for the remaining PPA years if SDG&E does not exercise the buyout option. Respondents must provide complete design and construction specifications for the technology being proposed. Respondents must be poised to sign a power purchase agreement in substantially the form of the Model Power Purchase Agreement. (See Section 14.0 Offer Response Forms and Other Documents.)
ALTERNATIVE III. TURNKEY ACQUISITION AGREEMENT
Respondent may propose to develop, permit, and construct a new renewable generating facility to be acquired by SDG&E. Resources must be located in the San Diego County, parts of Orange County that are within SDG&E's service area, or Imperial Valley areas and must commence deliveries in 2010, 2011, 2012, 2013, 2014 or 2015. The facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the generation facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO’s various reliability agreements, procedures, protocols, tariffs and standards. Respondents must provide complete design and construction specifications for the technology being proposed. Respondents may also propose joint ownership/development opportunities, alternative financing or sharing of commercial risks that would reduce the cost to SDG&E.

RFO Website:
http://www.sdge.com/renewablerfo2010
2.0 RFO WEBSITE AND COMMUNICATION

The RFO and all subsequent revisions and documents are available for download from the RFO Website. Potential Respondents are responsible for checking the RFO Website for subsequent updates, notices and postings.

The RFO website contains RFO forms and documents, RFO Schedule, and a Question and Answer forum. Those intending to bid must register first to receive a username/password prior to uploading electronic offers. See instructions on the website to register. The DEADLINE TO REGISTER is indicated in Section 3.0 – “RFO Schedule”.

All questions or other communications regarding this RFO must be submitted via email to renewablerfo@semprautilities.com by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 3.0 RFO Schedule. SDG&E will not accept questions or comments in any other form.

RFO Website:
http://www.sdge.com/renewablerfo2010
### RFO SCHEDULE

The following schedule and deadlines apply to this RFO. SDG&E reserves the right to revise this schedule at anytime and in SDG&E’s sole discretion. Respondents are responsible for accessing the RFO Website for updated schedules and possible amendments to the RFO or the solicitation process.

<table>
<thead>
<tr>
<th>NO.</th>
<th>ITEM</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>RFO Issued</td>
<td>TBD</td>
</tr>
<tr>
<td>2.</td>
<td>Pre-Bidder’s Conference in San Diego, California</td>
<td>+2 weeks</td>
</tr>
<tr>
<td>3.</td>
<td>Pre-Bidder’s Conference in El Centro, California</td>
<td>+3 weeks</td>
</tr>
<tr>
<td>4.</td>
<td>DEADLINE TO SUBMIT QUESTIONS</td>
<td>+4 weeks</td>
</tr>
<tr>
<td>5.</td>
<td>DEADLINE TO REGISTER</td>
<td>+5 weeks</td>
</tr>
<tr>
<td>6.</td>
<td>CLOSING DATE: Offers must be uploaded to and received by the RFO Website no later than NOON (local prevailing time).</td>
<td>+6 weeks</td>
</tr>
<tr>
<td>7.</td>
<td>DEADLINE TO SUBMIT HARDCOPIES/CD</td>
<td>Two days after closing date</td>
</tr>
<tr>
<td>8.</td>
<td>SPL CLOSING DATE (for projects located in the SPL Region):</td>
<td>+8 weeks</td>
</tr>
<tr>
<td>9.</td>
<td>DEADLINE TO SUBMIT HARDCOPIES/CD (for projects located in the SPL Region): Respondents submit to SDG&amp;E one original signed offer (hardcopy) and one CD.</td>
<td>Two days after closing date</td>
</tr>
<tr>
<td>10.</td>
<td>SDG&amp;E notifies the CPUC (Executive Director) that the RFO has closed.</td>
<td>Two days after SPL Closing Date</td>
</tr>
<tr>
<td>11.</td>
<td>SDG&amp;E notifies short-listed Respondents</td>
<td>+ 20 weeks after issuance</td>
</tr>
<tr>
<td>12.</td>
<td>Letter due from short-listed Respondents indicating:</td>
<td>+21 weeks after issuance</td>
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<tr>
<td></td>
<td>a. Withdrawal from SDG&amp;E’s solicitation; OR</td>
<td></td>
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<tr>
<td></td>
<td>b. Acceptance of short-listed standing, withdrawal of participating in any other solicitation and evidence of withdrawal notice to all other solicitors.</td>
<td></td>
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<tr>
<td>13.</td>
<td>Due from short-listed Respondents accepting shortlist standing a Development Period Security equal to $3.00 per kW of Nameplate Capacity up to a maximum of $100,000 according to the provisions of Section 12.0 Credit Terms and Conditions. (waived for projects located in the SPL Region)</td>
<td>+22 weeks after issuance</td>
</tr>
<tr>
<td>14.</td>
<td>SDG&amp;E submits FINAL short list to Commission and PRG</td>
<td>+23 weeks after issuance</td>
</tr>
<tr>
<td>15.</td>
<td>SDG&amp;E issues appreciation notices to unsuccessful Respondents</td>
<td>+24 weeks after issuance</td>
</tr>
<tr>
<td>16.</td>
<td>SDG&amp;E submits LCBF report to CPUC; IE submits Preliminary IE Report to CPUC</td>
<td>+ 30 weeks after issuance</td>
</tr>
<tr>
<td>17.</td>
<td>Submits Advice letters with PPAs to CPUC of proposed contracts</td>
<td>Within 1 month of executing agreement</td>
</tr>
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</table>
PRE-BID CONFERENCES

SDG&E will host two pre-bid conferences. The first pre-bid conference will be on mmm dd, yyyy in San Diego; California. The second will be on mmm dd, yyyy in El Centro, California. Participation in the pre-bid conference is NOT mandatory in order to submit an offer. Please monitor the RFO Website periodically. The venues will be posted as soon as arrangements are finalized.

Any party interested in attending this pre-bid conference should email the following information to renewablerfo@semprautilities.com.

- Selected conference (San Diego or El Centro)
- Company name
- Attendees’ names, titles and contact information
4.0 RFO RESPONSE INSTRUCTIONS

Respondents may submit one or more offers to this solicitation by submitting the forms listed below. Forms are available on the RFO Website. The failure to provide the listed information may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

Required Forms:
1) Participation Summary
2) Project Description Form – Submit one per project.
3) Pricing Form – Respondents may submit more than one pricing option per project.
4) Credit Application
5) Model PPA – Required for Alternative I and II offers only. Respondents shall populate and redline the Model PPA.
6) Additional Narrative Form – Required for Alternative II and III offers only.
7) Project Viability Calculator – Respondents must self assess the viability of the proposed project using the CPUC’s Project Viability Calculator.

The Participation Summary, Project Description Form, Credit Application, redlines to the Model PPA and Additional Narrative Form must be in Word or Word-compatible format (not in PDF). The Pricing Form and Project Viability Calculator must be in Excel or Excel-compatible format (not in PDF).

Optional Forms:
1) Consent Form - Respondents who did not participate in the TRCR but have a CAISO-approved System Impact Study (SIS) shall submit a copy of the study along with the respondent’s offer. SDG&E requests that respondents sign and return a Consent Form enabling the interconnecting utility’s transmission personnel to share respondent’s non-public transmission information with personnel in SDG&E’s Electric and Gas Procurement Department to facilitate full evaluation of respondent’s offer consistent with FERC Order 2004. Once received, SDG&E will post notice on its OASIS website of the respondent’s consent along with a statement that SDG&E did not provide any preferences, either operational or rate-related, in exchange for the voluntary consent.

All offers must be uploaded to the RFO Website no later than Noon, local prevailing time, on the CLOSING DATE (see RFO Schedule). Any party interested in submitting an offer must fill-out and email an RFO Registration Form (available from the RFO Website) to renewablerfo@semprautilities.com. SDG&E will process the form and provide the interested party instructions necessary to upload offers. A username/password combination will be issued allowing access to the offer upload link.
No later than the DEADLINE TO SUBMIT HARDCOPIES/CD, Respondent shall provide to SDG&E one hardcopy printout of the original offer signed by an authorized officer of the Respondent, along with one CD. The original signed offer must be IDENTICAL to the electronic offer submittal, and must be sent to the address shown below:

San Diego Gas & Electric Company
Electric and Gas Procurement Department
Attn: RPS RFO Response
8315 Century Park Court, CP21D
San Diego, CA 92123-1593

All offer materials submitted shall be subject to the confidentiality provisions of Section 11 Confidentiality of this RFO.

SDG&E will review and may utilize all information, if any, submitted by a Respondent that is not specifically requested as a part of any forms. During all stages of the RFO process, SDG&E reserves the right to request additional information from individual Respondents or to request any Respondent to submit supplemental materials in fulfillment of the content requirements of this RFO or to meet additional information needs. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFO.

Respondents offering the same capacity and/or energy from one resource to multiple solicitations are hereby advised that if SDG&E notifies Respondent that the offer is being short-listed, the Respondent MUST immediately withdraw their offer from all other solicitations or risk being removed from the short-list. Respondent’s shall confirm such withdrawal by submitting to SDG&E a copy of the written correspondence sent to all other solicitations pertaining to such withdrawal while granting SDG&E permission to contact the other solicitors to confirm the withdrawal. ALL OFFERS SHALL BE VALID AND BINDING UPON THE RESPONDENT AFTER BEING SELECTED FOR THE SHORT LIST UNTIL CONTRACT EXECUTION.

SDG&E WILL NOT REIMBURSE RESPONDENTS FOR THEIR EXPENSES UNDER ANY CIRCUMSTANCES, REGARDLESS OF WHETHER THE RFO PROCESS PROCEEDS TO A SUCCESSFUL CONCLUSION OR IS ABANDONED BY SDG&E IN ITS SOLE DISCRETION.

RFO Website:
http://www.sdge.com/renewablerfo2010
4.0A RFO RESPONSE INSTRUCTIONS  
(FOR PROJECTS LOCATED IN REGIONS SERVED BY SUNRISE POWERLINK)

The recently-approved Sunrise Powerlink¹ provides California IOUs access to clean energy from renewable rich areas and provides developers with a means to transport renewable energy to utility load centers. SDG&E is pleased for the first time to solicit renewable projects from areas served by Sunrise Powerlink (“SPL Region”). The map below defines geographically the SPL Region (highlighted in yellow).

To promote the development of renewable projects in the SPL Region, SDG&E is waiving selected solicitation requirements and creating special accommodations as detailed below.

1) SDG&E is hosting a special pre-bid conference in El Centro, California. Although all developers are invited to attend, the theme of the special pre-bid conference will center around projects in the SPL Region. SDG&E will invite Imperial Irrigation District, Comision Federal de Electricidad, and the CAISO to give presentations on the interconnection process. See the RFO website for details on event date, time and location as well as instructions to register for the event.

2) The due date for offers from the SPL Region will be extended by two weeks.

3) The Project Development Fee for shortlisted projects in the SPL Region will be waived.

4) SDG&E’s Renewable Energy Resource Center in El Centro, California can assist renewable energy developers in launching their projects in California’s Imperial County. The center also will

¹ Decision D.08-12-058
serve as the local development office for the Sunrise Powerlink, a 120-mile, 500-kilovolt transmission line that will carry up to 1,000 megawatts of renewable energy to San Diego. The address of the Renewable Energy Resource Center is 1425 Main Street, El Centro, CA 92243.
5.0 RPS PROGRAM PARAMETERS

CALIFORNIA RPS PROGRAM

California’s Renewable Portfolio Standard (RPS) Program was adopted in 2002 and is codified at Public Utility Code sec 399.11, et seq.\textsuperscript{2} in adopting the RPS legislation, the Legislature specifically found and declared that increasing California’s reliance on renewable energy resources promotes the purpose of and may accomplish each of the following:

- Increase the diversity, reliability, public health and environmental benefits of the energy mix
- Promote stable electricity prices
- Protect public health and improve environmental quality
- Stimulate sustainable economic development and create new employment opportunities
- Reduce reliance on imported fuels
- Ameliorate air quality problems
- Improve public health by reducing the burning of fossil fuels

Current law requires Investor Owned Utilities (IOU’s) to comply with two requirements: (1) annually increase its procurement of renewable resources by 1% of its retail sales and (2) procure renewable energy in the amount of 20% of retail sales by 2010. The CPUC issued its first decision implementing the RPS Program, D.03-06-071 on June 19, 2003. This decision established certain basic RPS Program parameters. The CPUC has subsequently issued several additional RPS-related decisions in rulemaking proceeding R.04-04-026, and successor proceedings R.06-02-012, R.06-05-027 and R.08-08-009. SDG&E will comply with all CPUC decisions governing RPS procurement, including the requirement that short term contracts are only accepted after long-term contracts are executed which equal 0.25% of SDG&E’s prior year retail sales. These decisions are publicly available on the CPUC’s website at http://www.cpuc.ca.gov/PUC/energy/electric/RenewableEnergy/decisions.htm.

This RFO is being conducted in compliance with relevant statutory and regulatory directives. Requirements set forth within the law and all directives shall be incorporated herein by reference. A full text of the law and the above-mentioned CPUC decisions can be downloaded from the CPUC website. Respondents are encouraged to review all RPS-related, CPUC issued directives available on the same Internet websites and are responsible for understanding and abiding by all RPS provisions.

RPS ELIGIBILITY CRITERIA

Respondents successfully signing agreements with SDG&E must warrant that the resources being offered in response to this solicitation are certifiable as an “eligible renewable resource” by the California Energy Commission (CEC). Eligibility criteria are set forth by the CEC in its Renewable Portfolio Standard Eligibility Guidebook. The CEC guidebook can be downloaded from the following internet website: http://www.energy.ca.gov/renewables/02_REN-1038/documents/index.html. Respondents are encouraged to review all RPS-related, CEC issued directives available on the same

\textsuperscript{2} See Senate Bill (SB) 1078 (Stats. 2002 Ch. 516), as amended by SB 107, (Stats. 2006, Ch. 464).
Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within the CEC’s guidebooks and all RPS-related documents shall be incorporated herein by reference. SDG&E has no preferred “eligible renewable resource” or resource stack and will judge the merits of each bid based on the provisions of Section 9.0.

Respondents are encouraged, although not required, to apply for pre-certification from the CEC in advance of submitting an offer. Pre-certification forms are available from the above-entitled guidebook. An excerpt of the eligibility requirements is provided at the end of this section.

PRODUCTION TAX CREDIT

The CPUC initially ruled in 2003 that each utility, as part of its RFO process, must stipulate that any funds received by bidders from the federal PTC be passed through entirely to ratepayers. The CPUC subsequently clarified that each utility issuing a solicitation should stipulate in its RFO, and in subsequent negotiations with bidders, that each bidder should submit two price offers. One price offer will apply if the federal PTC is not extended. The second price offer will apply if the federal PTC is extended. This stipulation is necessary given the present uncertainty surrounding renewal of the PTC. A full text of the ruling can be downloaded from http://www.cpuc.ca.gov/PUBLISHED/RULINGS/30260.htm.

PROCUREMENT REVIEW GROUP

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market participants such as ratepayers’ advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. CPUC Decision D.03-06-071 established the role of the PRG in the RPS Program. The PRG is charged with overseeing the IOU’s procurement process, reviewing procedural fairness, examining overall procurement prudence and providing feedback during all stages. From RFO language development to offer evaluation to contract negotiation, IOU’s brief the PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential offer information to the PRG is required during PRG briefings in accordance with Section 10 (“Confidentiality”). Each Respondent must clearly identify, as part of its offer, what type of information it considers to be confidential.

INDEPENDENT EVALUATOR

The CPUC requires each IOU to use an Independent Evaluator to separately evaluate and report on the IOU’s entire solicitation, evaluation, and selection process for this solicitation. This will serve as an independent review of SDG&E’s implementation of the RFO process and final selections. The Independent Evaluator shall make periodic presentations regarding its findings to the IOU, and the IOU’s PRG including the CPUC Energy Division staff. The intent is to preserve the independence of the Independent Evaluator by ensuring free and unfettered communication between the Independent Evaluator and the CPUC as well as and open, fair, and transparent process that the Independent Evaluator can affirm.

SDG&E is committed to ensuring an open and transparent solicitation, and to providing a fair, reasonable and competitive process.
6.0 SDG&E BACKGROUND

SDG&E provides electric service to approximately 1.3 million customers in San Diego County and the southern portion of Orange County. SDG&E also provides natural gas service to approximately 775,000 gas customers. The electric customer base comprises 89% residential and 11% commercial and industrial customers.

SDG&E’s electric transmission network is comprised of 130 substations with 884 miles of 69-kV, 265 miles of 138-kV, 349 miles of 230-kV, and 215 miles of 500-kV transmission lines. Local (“on system”) generating resources are the Encina plant (connected into SDG&E’s grid at 138 kV and 230 kV), the South Bay plant (connected at 69 kV and 138 kV), the Palomar Energy Center (connected at 230kV) and a number of combustion turbine facilities located around the service area (connected at 69 kV). Imported resources are received via the Miguel Substation as the delivery point for power flow on the Southwest Power Link (SWPL), which is SDG&E’s 500-kV transmission line that runs from Arizona to San Diego along the U.S./Mexico border, and via the SONGS 230-kV switchyard.

Figure 1 shows a simplified diagram of existing SDG&E’s service area and the electric transmission topology in San Diego County and the southern portion of Orange County. Planned or approved transmission facilities for the future (if any) are not shown on this map.

![Figure 1: SDG&E Service Area & Simplified Transmission Topology](image-url)
7.0 RESOURCE CRITERIA

SDG&E seeks resources with the minimum characteristics described below.

1) Technology type, project location and delivery start date must conform with details provided in Section 1.0 Scope of Request.

2) Proposed resources must be CEC-certifiable as an eligible renewable resource;

3) The Net Contract Capacity must be ≥ [1.5MW or 3.0MW], net of all auxiliary and station parasitic loads; (if within SDG&E service area)

4) The Net Contract Capacity must be ≥ 5MW, net of all auxiliary and station parasitic loads; (if outside of SDG&E service area)

5) All green attributes must be tendered to SDG&E. The form PPA contemplates the purchase and sale of energy, capacity attributes, green attributes, and other ancillary service products bundled together from a single project. SDG&E will consider bids where these products are unbundled.

In addition to the minimum characteristics described above and in Section 1.0 Scope of Request, additional requirements expected from Respondents successfully entering into an agreement with SDG&E include, but is not limited to:

1) Respondents shall be financially and operationally responsible for the transmission gen-tie up to the point of interconnection with the local transmission/distribution network in accordance with applicable laws. Gen-tie costs must be included in the offer price for energy and/or capacity.

2) For PPA-only offers, Respondents must have a verifiable fuel resource plan for the duration of the PPA.

3) For the PPA and during the PPA term of Alternative II, Respondent will provide personnel required to operate the Facility.

4) For the PPA and during the PPA term of Alternative II, resource operations will be scheduled in accordance with the CAISO Tariff, as from time to time modified. CAISO compliant real-time metering of the generation will be required for Energy Management System (EMS) data.

5) For the PPA and during the PPA term of Alternative II, Respondents must execute Participating Generator Agreements and Meter Service Agreements as required by the CAISO. If the project is outside of CAISO’s jurisdiction, Respondents must make all interconnection and wheeling arrangements required.

6) For the PPA and during the PPA term of Alternative II, to facilitate monthly settlement processes, Respondents shall authorize Buyer to view the Facility’s CAISO on-line meter data by identifying SDG&E as an authorized user with “read only” privileges on Schedule 3 of Respondent’s Meter Service Agreement with the CAISO. For resources outside of CAISO’s area, Respondent will provide similar access to SDG&E, if such an interface exists, with the system operator having jurisdiction over the project.
7) For PPA-with-Buyout and Turnkey proposals, Respondents shall include as part of its offer a proposal to provide a 10-year Operations & Maintenance servicing agreement for the proposed resource during SDG&E’s ownership.

8) Respondents depending on PTCs, ITCs or any other subsidies shall pass through 100% of the savings on to SDG&E’s ratepayers via reduced contract prices.
8.0 FIN46 REQUIREMENTS

Generally Accepted Accounting Principles and SEC rules require SDG&E to evaluate whether or not SDG&E must consolidate a Seller's financial information. SDG&E will require access to financial records and personnel to determine if consolidated financial reporting is required. If SDG&E determines at any time that consolidation is required, SDG&E shall require the following during every calendar quarter for the term of any resultant agreement:

a) Complete financial statements and notes to financial statements, within 15 days of the end of each quarter;

b) Financial schedules underlying the financial statements, within 15 days of the end of each quarter;

c) Access to records and personnel, so that SDG&E’s internal or independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002) and SDG&E can meet its SEC filing requirements;

d) Certifications by duly authorized representatives as may be reasonably requested by SDG&E; and

e) Such other information as reasonably requested by SDG&E.

Any information provided to SDG&E shall be treated as confidential, except that it may be disclosed for financial statement purposes. Full details of SDG&E’s requirements in connection with consolidation are set forth in the Model PPA.

RFO Website:
http://www.sdge.com/renewablerfo2010
9.0 EVALUATION CRITERIA

SDG&E will utilize the Offer Response Forms and narratives to evaluate all offers. Respondents are responsible for the accuracy of all figures and calculations. Errors discovered during negotiations may impact Respondents standing on the short-list.

SDG&E will periodically brief the members of the PRG during the various stages of evaluation. Upon completion of SDG&E’s evaluation process, SDG&E will brief the PRG members regarding SDG&E’s recommendations for its Short-List. Based upon the comments and recommendations received from the PRG, SDG&E may modify the Preliminary Short-List as necessary.

EVALUATING SHORT TERM OFFERS (TERM ≤ 9 YEARS)

SDG&E evaluates all short-term offers via a three-step process. The following provides a general description of the steps.

Step I: Check for Conformance. Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Step I, will be deemed “conforming” and will move on to Step II.

Step II: Preliminary Ranking and Short Listing. SDG&E will assess price reasonableness of each offer by various methods including comparing the offer to 1) a publicly available energy market price index plus, if necessary, an appropriate valuation of other attributes bundled within the offer. The index and attribute valuation SDG&E uses will depend on the location and nature of the offer; or, 2) offers received in recent RFO’s. Offers will be sorted from most reasonably priced to least reasonably priced.

Step III: After offers are sorted by price, SDG&E will short list the most reasonably priced offers that are most viable and reliable. Given development risks associated with building a new facility, existing resources may be deemed more viable than new. However, if a Respondent can successfully demonstrate that a new project comes without undue risk of completion, SDG&E will consider the proposal. Projects will be deemed to be more reliable if they provide some minimum guaranteed delivery to SDG&E.

EVALUATING LONG TERM OFFERS (TERM = 10, 15, 20 OR MORE YEARS)

SDG&E evaluates all long-term offers via a three-step process. Passing each step is required in order to advance to the next level, with the eventual Short Listed offers having to pass all levels. The following provides a general description of each evaluation level.

Step I: Check for Conformance. Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Step I, will be deemed “conforming” and will move on to Step II.
Step II: Preliminary Ranking and Short Listing. This assessment will be based on the all in price, including capacity and energy, Time of Delivery factors, transmission network upgrade costs and congestion costs/credits. Offers will be ranked on a present value, $/MWh basis from lowest to highest cost. SDG&E will populate the preliminary shortlist with offers to fulfill at least twice its RPS MWh need. In doing so, SDG&E would eliminate offers that are noticeably more expensive.

Step III: Modeling/Detailed Analysis. After the preliminary short list has been approved by the PRG, the Offers may be modeled to determine impacts to SDG&E’s portfolio. If modeling occurs, the shortlist may be updated based on modelling results which identify offers that best meet SDG&E’s bundled customer needs.

SDG&E is evaluating long-term offers in accordance with CPUC direction and criteria established for the RPS Program. SDG&E will place high emphasis on the offer pricing in its evaluations, not only in terms of the initial cost to SDG&E, but also the long-term costs. Upon completion of Step III, SDG&E may differentiate offers of similar cost by reviewing qualitative factors including: (in no particular order of preference)

a) Project viability  
b) Local reliability  
c) Benefits to low income or minority communities  
d) Resource diversity  
e) Environmental stewardship

These factors will be used to differentiate long-term offers with similar costs for those resources under consideration near the annual procurement target. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors. SDG&E notes that a project scoring low on the Project Viability Calculator may not be shortlisted even if it ranks high on the LCBF quantitative evaluation.

Consistent with CPUC Decision D.04-07-029 issued on July 8, 2004, SDG&E will treat dispatchability, curtailability and repowering as quantitative attributes and will evaluate these factors using quantitative methods. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors.

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3 The term “similar cost” is used to indicate expected indifference by the PRG and CPUC as to the cost of one offer or another. The PRG will have access to SDG&E’s evaluation and the quantitative and qualitative components of those offers prior to SDG&E’s recommendation filing to the CPUC.
10.0 REJECTION OF OFFERS

SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS MINDFUL OF THE BENEFITS OF RENEWABLE ENERGY AND IS VIGOROUSLY PURSING THE GOALS OF THE RPS, IT MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO EVEN AFTER AN OFFER HAS BEEN SHORTLISTED. SDG&E RESERVES THE RIGHT AT ANY TIME, AT ITS SOLE DISCRETION, TO ABANDON THIS RFO PROCESS, TO CHANGE THE BASIS FOR EVALUATION OF OFFERS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY OFFER OR TO ENTER INTO ANY DEFINITIVE AGREEMENT, TO EVALUATE THE QUALIFICATIONS OF ANY RESPONDENT OR THE TERMS AND CONDITIONS OF ANY OFFER, OR TO REJECT ANY OR ALL OFFERS, ALL WITHOUT NOTICE AND WITHOUT ASSIGNING ANY REASONS AND WITHOUT LIABILITY OF SEMpra ENERGY, SDG&E, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OR REPRESENTATIVES TO ANY RESPONDENT. SDG&E SHALL HAVE NO OBLIGATION TO CONSIDER ANY OFFER.

RFO Website:
http://www.sdge.com/renewablerfo2010
11.0 CONFIDENTIALITY

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, RESPONDENTS MAY NOT DISCLOSE (OTHER THAN BY ATTENDANCE ALONE AT ANY MEETING TO WHICH MORE THAN ONE RESPONDENT IS INVITED BY SDG&E) TO ANY OTHER RESPONDENT OR POTENTIAL RESPONDENT THEIR PARTICIPATION IN THIS RFO, AND RESPONDENTS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER RESPONDENT, OFFER STRATEGIES OR THE SUBSTANCE OF OFFERS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL OFFER.

SDG&E WILL USE THE HIGHER OF THE SAME STANDARD OF CARE IT USES WITH RESPECT TO ITS OWN PROPRIETARY OR CONFIDENTIAL INFORMATION OR A REASONABLE STANDARD OF CARE TO PREVENT DISCLOSURE OR UNAUTHORIZED USE OF RESPONDENT’S CONFIDENTIAL AND PROPRIETARY INFORMATION THAT IS LABELED AS “PROPRIETARY AND CONFIDENTIAL” ON THE OFFER PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS (“CONFIDENTIAL INFORMATION”). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE OFFER(S) IT DEEMS CONFIDENTIAL. THE SUMMARY MUST CLEARLY IDENTIFY WHETHER OR NOT PRICE, PROJECT NAME, LOCATION, SIZE, TERM OF DELIVERY AND TECHNOLOGY TYPE (EITHER COLLECTIVELY OR INDIVIDUALLY) ARE TO BE CONSIDERED CONFIDENTIAL INFORMATION. CONFIDENTIAL INFORMATION MAY BE MADE AVAILABLE ON A “NEED TO KNOW” BASIS TO SDG&E’S DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, CONSULTANTS, THE INDEPENDENT EVALUATOR, AGENTS AND ADVISORS (“REPRESENTATIVES”) FOR THE PURPOSE OF EVALUATING RESPONDENT’S OFFER, BUT SUCH REPRESENTATIVES SHALL BE REQUIRED TO OBSERVE THE SAME CARE WITH RESPECT TO DISCLOSURE AS SDG&E.

NOTWITHSTANDING THE FOREGOING, SDG&E MAY DISCLOSE ANY OF THE CONFIDENTIAL INFORMATION TO COMPLY WITH ANY LAW, RULE, OR REGULATION OR ANY ORDER, DECREE, SUBPOENA OR RULING OR OTHER SIMILAR PROCESS OF ANY COURT, SECURITIES EXCHANGE, CONTROL AREA OPERATOR, GOVERNMENTAL AGENCY OR GOVERNMENTAL OR REGULATORY AUTHORITY AT ANY TIME EVEN IN THE ABSENCE OF A PROTECTIVE ORDER, CONFIDENTIALITY AGREEMENT OR NON-DISCLOSURE AGREEMENT, AS THE CASE MAY BE, WITHOUT NOTIFICATION TO THE RESPONDENT AND WITHOUT LIABILITY OR ANY RESPONSIBILITY OF SDG&E TO THE RESPONDENT.

IT IS EXPRESSLY CONTEMPLATED THAT MATERIALS SUBMITTED BY A RESPONDENT IN CONNECTION WITH THIS RFO WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, AND THE PRG. SDG&E WILL SEEK CONFIDENTIAL TREATMENT PURSUANT TO PUBLIC UTILITIES CODE SECTION 583 AND GENERAL ORDER 66-C OF THE CPUC, WITH RESPECT TO ANY RESPONDENT CONFIDENTIAL INFORMATION SUBMITTED BY SDG&E TO THE CPUC FOR THE PURPOSES OF
OBTAINING REGULATORY APPROVAL. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE CEC FOR RESPONDENT’S CONFIDENTIAL INFORMATION AND WILL SEEK CONFIDENTIALITY AND/OR NON-DISCLOSURE AGREEMENTS WITH THE PRG. SDG&E CANNOT, HOWEVER, ENSURE THAT THE CPUC OR CEC WILL AFFORD CONFIDENTIAL TREATMENT TO A RESPONDENT’S CONFIDENTIAL INFORMATION OR THAT CONFIDENTIALITY AGREEMENTS OR ORDERS WILL BE OBTAINED FROM AND/OR HONORED BY THE PRG, CEC, OR CPUC.

SDG&E, ITS REPRESENTATIVES, SEMPRA ENERGY, AND ANY OF THEIR SUBSIDIARIES DISCLAIM ANY AND ALL LIABILITY TO A RESPONDENT FOR DAMAGES OF ANY KIND RESULTING FROM DISCLOSURE OF ANY OF RESPONDENT’S INFORMATION.

RFO Website:
http://www.sdge.com/renewablerfo2010
12.0 CREDIT TERMS AND CONDITIONS

SDG&E has the unilateral right to evaluate and determine the credit-worthiness of the Respondent relative to this RFO. The Respondent is required to complete, execute and submit the RFO credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. Respondents may download the application from the RFO Website.

CREDIT PROVISIONS FOR OFFERS UP TO 2 YEARS

SDG&E’s requires the Respondent to provide Delivery Term Security during the delivery term of the PPA. The Delivery Term Security, regardless of the term of the agreement, will be the estimated delivery amount times $5/MWH, never to exceed twice the annual estimated delivery amount times $5/MWH. The form of the Delivery Term Security Delivery Term Security(e.g. parent guaranty, deed of trust, letter of credit) will be at SDG&E’s sole discretion and will depend on various factors including Respondent’s credit worthiness, the estimated annual delivery amount and the term of the agreement.

CREDIT PROVISIONS FOR OFFERS GREATER THAN 2 YEARS

Within 5 business days after being notified by SDG&E that a bid proposed by a Respondent is on the short list, the Respondent will provide a per-project collateral to SDG&E (“a Development Period Security”) equal to: the lesser of either (i) $3.00 per kW of the facility’s nameplate capacity, or (ii) $100,000. The Development Period Security shall be paid in cash or as a posted letter of credit or surety bond in a form and from an issuer acceptable to SDG&E. The Development Period Security shall be refunded (with interest) to Respondent if Respondent and SDG&E fail to reach an agreement and such failure is not due to Respondent’s withdrawal of its offer or a material misrepresentation of pricing or non-pricing information made by Respondent. If Respondent and SDG&E do execute an agreement, the Development Period Security shall be security for Respondent’s obligations thereunder for the period until Construction Period Security (described below) is delivered or the agreement is terminated because a condition precedent has not been achieved by the deadline therefore. The Development Period Security shall be forfeited as payment of liquidated damages to SDG&E unless the agreement is not approved by the CPUC. If a Respondent submitted bids from one facility covering more than one of the alternatives listed in Section 1.0 Scope, the Respondent would be required to provide only one Development Period Security., however, if the Respondent submits bids for more than one facility, the Respondent will be required to provide a Development Period Security for each facility.

In addition to the Development Period Security(s), SDG&E’s credit provisions for renewable resources requires the Respondent to provide collateral to SDG&E on the date on which all of the conditions precedent in the PPA are either satisfied or waived. A Construction Period Security is required during the construction phase until the Respondent’s facility achieves commercial operation. The Construction Period Security
amount will be determined by multiplying twice the annual estimated energy amount in MWh by $5/MWh. SDG&E will have the right to draw upon the Construction Period Security to pay for delay damages if the commercial operation is delayed. Once the facility achieves commercial operation, a Delivery Term Security will be required during the delivery term of the PPA. The Delivery Term Security will be determined by multiplying twice the annual estimated energy amount in MWh by $15/MWh.

All credit support arrangements (e.g., parent guaranty, deed of trust, letter of credit) must be negotiated prior to an offer being accepted as a winning offer. A model guaranty and a model letter of credit may be downloaded from the RFO Website as attachments to the PPA.

For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343. Questions and answers will not be subject to disclosure to other parties.

RFO Website:
http://www.sdge.com/renewablerfo2010
13.0 **CPUC APPROVAL**

SDG&E shall submit all signed contracts to the CPUC for approval. All signed contracts will contain the condition precedent language that has been standardized by the CPUC for this purpose and which the Model PPA contains.

**RFO Website:**
http://www.sdge.com/renewablerfo2010
APPENDIX B
RFO DOCUMENTS

1) Participation Summary
2) Project Description Form
3) Pricing Form
4) Additional Narrative Form
5) Model PPA
6) Renewable Power Purchase and Interconnection Agreement (for Public Water or Wastewater Agencies)
7) Credit Application
8) Consent Form
9) Project Viability Calculator
Instructions

Populate the table on the next tab to summarize the number of projects and describe the nature of each pricing option. Assign sequential letters (A to Z) for each unique project and assign sequential numbers to pricing options as shown in the example below. An all-or-nothing scalable project with multiple phases should be assigned one letter, not one letter per phase. A project which can be built with (1) multiple optional phases; (2) auxiliary equipment to increase output; or (3) supplemental equipment to provide operational flexibility should be assigned one Project Letter with multiple pricing options for each phase or configuration.

Example

Respondent is submitting three projects.

The first is a scalable, solar thermal project built in four, 25MW phases. The offer is made on an “all-or-none” basis so the Buyer must-take all four phases. After all four phases are complete, the project will total 100MW. Respondent is also suggesting that storage capability can be available as well.

The second is a scalable, solar thermal project built in three, 50MW phases. The Buyer may choose to contract for one, two or all three phases. The Buyer may also consider storage capability at the 150MW level.

The third project is for a 50MW geothermal project.

<table>
<thead>
<tr>
<th>Project Letter</th>
<th>Pricing Option No.</th>
<th>Project Name &amp; Description</th>
<th>MW (At 100% completion)</th>
<th>Characteristic of Pricing Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>SunStart Solar</td>
<td>100</td>
<td>20-year PPA with ITC</td>
</tr>
<tr>
<td>A</td>
<td>2</td>
<td>SunStart Solar</td>
<td>100</td>
<td>20-year PPA without ITC</td>
</tr>
<tr>
<td>A</td>
<td>3</td>
<td>SunStart Solar with 5-hour storage</td>
<td>100</td>
<td>PPA with Buyout</td>
</tr>
<tr>
<td>A</td>
<td>4</td>
<td>SunStart Solar with 5-hour storage</td>
<td>100</td>
<td>Turnkey Offer</td>
</tr>
<tr>
<td>B</td>
<td>1</td>
<td>Sunrich Solar</td>
<td>50</td>
<td>25-year PPA with ITC</td>
</tr>
<tr>
<td>B</td>
<td>2</td>
<td>Sunrich Solar (optional 50MW)</td>
<td>100</td>
<td>25-year PPA with ITC</td>
</tr>
<tr>
<td>B</td>
<td>3</td>
<td>Sunrich Solar (optional 50MW)</td>
<td>150</td>
<td>25-year PPA with ITC</td>
</tr>
<tr>
<td>B</td>
<td>4</td>
<td>Sunrich Solar (with 3-hour storage)</td>
<td>150</td>
<td>25-year PPA with ITC (3-hrs)</td>
</tr>
<tr>
<td>B</td>
<td>5</td>
<td>Sunrich Solar</td>
<td>50</td>
<td>25-year PPA without ITC</td>
</tr>
<tr>
<td>B</td>
<td>6</td>
<td>Sunrich Solar (optional 50MW)</td>
<td>100</td>
<td>25-year PPA without ITC</td>
</tr>
<tr>
<td>B</td>
<td>7</td>
<td>Sunrich Solar (optional 50MW)</td>
<td>150</td>
<td>25-year PPA without ITC</td>
</tr>
<tr>
<td>B</td>
<td>8</td>
<td>Sunrich Solar (with 3-hour storage)</td>
<td>150</td>
<td>25-year PPA without ITC (3-hrs)</td>
</tr>
<tr>
<td>C</td>
<td>1</td>
<td>Newland Geothermal</td>
<td>50</td>
<td>20-year PPA with PTC</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>Newland Geothermal</td>
<td>50</td>
<td>20-year PPA without PTC</td>
</tr>
<tr>
<td>C</td>
<td>3</td>
<td>Newland Geothermal</td>
<td>50</td>
<td>Turnkey Offer</td>
</tr>
</tbody>
</table>

For administrative purposes, SDG&E will refer to the Turnkey Offer for the SunStart Solar with 5-hour storage project as offer A4.
### Participation Summary Form

**Company Name Submitting Offer(s):**  
**Secondary Contact:**

<table>
<thead>
<tr>
<th><strong>Company Name on Potential Contract(s)</strong></th>
<th><strong>Title</strong></th>
<th><strong>Office Phone</strong></th>
<th><strong>Cell Phone</strong></th>
<th><strong>State</strong></th>
<th><strong>Email Address</strong></th>
<th><strong>Zip Code</strong></th>
</tr>
</thead>
</table>

**Notes:**
1. If the information on this form is incorrect or conflicting, please submit all information on other documents. It may delay the evaluation of your offer and/or affect your project ranking.
2. Projects must be built under multiple options; 1) auxiliary equipment to increase output; or 2) supplemental equipment to provide operational flexibility should be assigned one letter per phase. A project which can be built with (1) and (2) multiple optional phases; 1) auxiliary equipment to increase output; or 2) supplemental equipment to provide operational flexibility should be assigned one letter per phase.

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<table>
<thead>
<tr>
<th><strong>Project Letter</strong></th>
<th><strong>Project Name and Description</strong></th>
<th><strong>Technology</strong></th>
<th><strong>Location</strong></th>
<th><strong>Delivery Point</strong></th>
<th><strong>Term</strong></th>
<th><strong>Validity Score</strong></th>
<th><strong>Score</strong></th>
<th><strong>Pricing Option</strong></th>
<th><strong>PPA w/Buyout Offers</strong></th>
<th><strong>PPA-only or PPA w/Buyout Offers</strong></th>
<th><strong>IFPPA w/Buyout or Turnkey Offers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td>Solar Thermal</td>
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<td>B</td>
<td></td>
<td>Solar PV</td>
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<td>Solar Thermal</td>
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<td>Solar PV</td>
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<td>I</td>
<td></td>
<td>Solar Thermal</td>
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<td>J</td>
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<td>Solar PV</td>
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</tbody>
</table>

**Guidelines:**
- For scalable projects, Respondents may propose scalable pricing. To do so, please indicate the scalable Pricing Option for each phase or configuration. (See the instructions for examples.)
- For projects listed above that are contingent on SDG&E contracting with one or more other projects, please identify the affected projects and explain: Additional Notes/Comments:
- If any project listed above is contingent on SDG&E contracting with one or more other projects, please identify the affected projects and explain: Additional Notes/Comments:

---

**Notes:**
- * For scalable projects, Respondents may propose scalable pricing. To do so, please indicate the scalable pricing option for each phase or configuration. (See the instructions for examples.)
- If any project listed above is contingent on SDG&E contracting with one or more other projects, please identify the affected projects and explain: Additional Notes/Comments:
**Project Description Form**

**Instructions:**
1. Submit one Project Description Form for each project being submitted for SDG&E’s consideration.
2. If offering multiple pricing options for one project, please do so via multiple Pricing Forms.
3. Use green font for information the Respondent deems to be confidential.
4. Limit and focus the discussions so that this form does not exceed 50 pages (10 size font).

**A. Company Information**

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Name Submitting Offer(s)</td>
<td></td>
</tr>
<tr>
<td>Company Name on potential contract(s) (if different)</td>
<td></td>
</tr>
<tr>
<td>Project Name</td>
<td></td>
</tr>
<tr>
<td>Street Address</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td></td>
</tr>
<tr>
<td>Zip Code</td>
<td></td>
</tr>
</tbody>
</table>

**B. Company Representative**

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>Title</td>
<td></td>
</tr>
<tr>
<td>Office Phone</td>
<td></td>
</tr>
<tr>
<td>Cell Phone</td>
<td></td>
</tr>
<tr>
<td>Email Address</td>
<td></td>
</tr>
</tbody>
</table>

**C. Project Summary**

Respondents having contracts with SDG&E may propose to extend terms or expand contracted capacities for existing agreements. However, Respondents may not propose to increase existing contract prices for contracted capacities during the remaining term of an existing agreement.

**Resource Origin** *(Check one)*

- New Facility
- Re-powered Facility
- Existing Facility with expiring contract with SDG&E or a third-party
- Upgrading an existing Facility and offering upgraded output to SDG&E
- Other. Please describe:

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Type <em>(biomass, solar thermal, wind, etc)</em></td>
<td></td>
</tr>
<tr>
<td>Project Completion Date</td>
<td></td>
</tr>
<tr>
<td>Nameplate MW <em>(at 100% project completion)</em></td>
<td></td>
</tr>
<tr>
<td>Net Contract MW <em>(at 100% project completion)</em></td>
<td></td>
</tr>
<tr>
<td>Capacity Factor</td>
<td></td>
</tr>
<tr>
<td>Expected MWH <em>(first 12 months after 100% project completion)</em></td>
<td></td>
</tr>
<tr>
<td>Percent Expected MWH degrades annually</td>
<td></td>
</tr>
</tbody>
</table>
### D. Proposed Facility Location

Insert site location map(s) in Section O of this Response Form.

<table>
<thead>
<tr>
<th>Project Name</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Name (if different from above)</td>
<td></td>
</tr>
<tr>
<td>Street Address</td>
<td></td>
</tr>
<tr>
<td>City, State</td>
<td></td>
</tr>
</tbody>
</table>

Describe merits of proposed site/location.

Discuss status of site control, including required easements.
E. Proposed Product

| Describe the attributes which are and are not bundled within the Respondent’s offer, including Renewable Energy Credits as defined by the CPUC, resource adequacy, ancillary services, etc… |
### F. Interconnection TRCR, Interconnection Application, Delivery Point

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Host Utility/Muni</td>
<td></td>
</tr>
<tr>
<td>Interconnection Point</td>
<td></td>
</tr>
<tr>
<td><em>(substation name, line or physical description)</em></td>
<td></td>
</tr>
<tr>
<td>City, State of Interconnection Point</td>
<td></td>
</tr>
<tr>
<td>Was this project submitted into any TRCR?</td>
<td></td>
</tr>
<tr>
<td>If yes, list the IOUs whose TRCR the project was submitted.</td>
<td></td>
</tr>
<tr>
<td>Host utility’s TRCR Cluster to which Project would interconnect (regardless of whether Respondent participated in host utility’s TRCR)</td>
<td></td>
</tr>
<tr>
<td>Is the project in the SPL Region?</td>
<td></td>
</tr>
<tr>
<td>CREZ Zone <em>(N/A if out-of-state)</em></td>
<td></td>
</tr>
<tr>
<td>Has an interconnection application been submitted?</td>
<td></td>
</tr>
<tr>
<td>If no:</td>
<td></td>
</tr>
<tr>
<td>Date Application will be filed</td>
<td></td>
</tr>
<tr>
<td>If yes:</td>
<td></td>
</tr>
<tr>
<td>Date Application filed</td>
<td></td>
</tr>
<tr>
<td>Queue Position</td>
<td></td>
</tr>
<tr>
<td>Completed Feasibility Study?</td>
<td></td>
</tr>
<tr>
<td>Completed System Impact Study?</td>
<td></td>
</tr>
<tr>
<td>Actual Delivery Point <em>(Identify the specific substation, pnode, etc…)</em></td>
<td></td>
</tr>
<tr>
<td>Is the Delivery Point in California or a CAISO trading hub?</td>
<td></td>
</tr>
<tr>
<td>Delivery Zone <em>(NP-15, ZP-26, SP-15)</em> or Trading hub <em>(Palo Verde, Mid-C, Mead, etc.)</em></td>
<td></td>
</tr>
<tr>
<td>Is a System Impact Study for this project included with the offer?</td>
<td></td>
</tr>
<tr>
<td><em>(If yes, please sign the Consent Form.)</em></td>
<td></td>
</tr>
<tr>
<td>If yes:</td>
<td></td>
</tr>
<tr>
<td>Is the study CAISO approved?</td>
<td></td>
</tr>
<tr>
<td>If the study is dated 2006 or earlier, explain why the study and costs are still valid.</td>
<td></td>
</tr>
</tbody>
</table>
G. Electric Interconnection Plan and Costs

Transmission upgrade plan and costs are vital for SDG&E to assess overall project viability and cost. The absence of this information or providing inaccurate descriptions or costs may render a Respondent’s offer(s) non-conforming, delay the evaluation for the response(s) and/or impact the Respondent’s standing on the short-list.

Discuss interconnection plan and status. *(Even if application has not been submitted.)*

Provide an itemized cost breakdown of expected interconnection costs attributable to both Respondent and host utility. *(i.e. voltage support costs, reconductoring costs, etc.)*

Note that gen-tie costs (including but not limited to: cable, transformers, protection gear and other equipment on the generator side of the meter) attributable to Respondent shall be included in the bid price indicated on the Pricing Forms.
### H. Proposed Technology

Describe the proposed technology:

Discuss the viability of proposed technology:

Discuss operational reliability of proposed technology.

How many projects and MWs with proposed technology have been installed worldwide? Discuss year(s) of installation, project locations, project size at each location and operational success.
## I. Fuel Source Plan

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has a fuel availability (wind assessments, solar radiation index, etc…) study been performed for the proposed site?</td>
<td></td>
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<tr>
<td>If applicable, has a long term fuel contract been executed with a supplier?</td>
<td></td>
</tr>
<tr>
<td>Discuss project’s overall fuel plan and status.</td>
<td></td>
</tr>
</tbody>
</table>
J. Financing Plan

Discuss the project's financing plan and status, including on-going debt/equity ratio to be carried by the project during construction (if a new facility) and during operation, sources of debt and equity, equity percentage by sponsor, financing organizations (including rates and terms), level of commitment by investors and lenders. If anticipating the need for subsidies, grants, Production Tax Credits, Investment Tax Credits or any other third party monetary awards, detail finances associated with monetary awards and discuss how the lack of funding shall impact the offer.
K. Permitting

Populate the following table with a list of required permits and anticipated completion. Include CEC RPS Certification and if applicable, water rights.

<table>
<thead>
<tr>
<th>No.</th>
<th>Permit Type/Name</th>
<th>Issuing Agency</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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</tbody>
</table>

Has project received RPS Certification from the CEC?

If yes: 
Certification No.

If no: 
Date Application filed or to be filed
Describe anticipated issues surrounding RPS certification.

Discuss plan and status to obtain the permits listed above. Discuss required water rights and status to obtain such rights. Describe scope of assistance from any third party (if applicable).
<table>
<thead>
<tr>
<th>No.</th>
<th>Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Submit interconnection application.</td>
</tr>
<tr>
<td>2.</td>
<td>File any land applications.</td>
</tr>
<tr>
<td>3.</td>
<td>File a CEC Certification and Verification application.</td>
</tr>
<tr>
<td>4.</td>
<td>File Governmental Approval application(s) [add details].</td>
</tr>
<tr>
<td>5.</td>
<td>Receive a completed interconnection feasibility study.</td>
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<tr>
<td>6.</td>
<td>Receive CEC Certification and Verification.</td>
</tr>
<tr>
<td>7.</td>
<td>Receive a completed interconnection system impact study.</td>
</tr>
<tr>
<td>8.</td>
<td>Obtain control of all lands and rights-of-way comprising the Site.</td>
</tr>
<tr>
<td>9.</td>
<td>Receive a completed interconnection facility study.</td>
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<tr>
<td>10.</td>
<td>Execute interconnection agreement and/or transmission agreement.</td>
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<tr>
<td>11.</td>
<td>Receive FERC acceptance of interconnection agreement/transmission agreement(s).</td>
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<tr>
<td>13.</td>
<td>Execute a turbine supply contract.</td>
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<tr>
<td>15.</td>
<td>Receive all Governmental Approvals [add details].</td>
</tr>
<tr>
<td>17.</td>
<td>Deliver full NTP under EPC contract and begins construction of the Project.</td>
</tr>
<tr>
<td>18.</td>
<td>Begin startup activities.</td>
</tr>
<tr>
<td>19.</td>
<td>Execute Meter Service Agreement and Participating Generator Agreement.</td>
</tr>
<tr>
<td>20.</td>
<td>Achieve initial operation.</td>
</tr>
<tr>
<td>22.</td>
<td>Commercial Operation Date.</td>
</tr>
</tbody>
</table>
Discuss overall project and construction schedule.
M. Operational Characteristics

Insert Facility Drawings in Section P of this Response Form.

Discuss operational characteristics including required maintenance, delivery profile (peak and off-peak, hourly, daily, seasonal, annual), curtailability and dispatchability.

(If offering the ability to curtail deliveries, discuss terms and operational conditions including, annual hours resource can be curtailed, the amount of curtailable capacity and the cost to SDG&E.)
## N. Corporate Profile and Experience

Please be brief and refrain from including extensive marketing materials, resumes, etc, especially information outside the scope of the project.

- **Corporate background and organizational structure for the project.**

- **Describe project team’s background and experience developing projects of a similar nature.**

- **List and describe other projects of a similar nature and technology developed by Respondent currently in operation.**
O. Site Location Maps

Insert site location map(s) clearly showing the location, size, and orientation of the site; the location of the expected interconnections for transmission, fuel, and water; and the location of residential communities, schools, hospitals, airports, churches, cemeteries, or other expected sensitive receptors within five miles of the site.
P. Facility Drawings

Insert facility drawings and diagrams including general equipment arrangement of the site, electric interconnect one line diagram showing the scope of supply, delivery point and metering for the electric interconnection including any transmission line and switchyard. If applicable, include fuel interconnection diagram indicating fuel delivery point.
Q. Additional Information

*Insert additional relevant information necessary for SDG&E to evaluate the merits of the proposal.*
R. Confidential Information

Identify parts, sections and elements of the offer (including information in this and all other forms) which Respondent considers to be Confidential and Proprietary in accordance with RFO Section 11 Confidentiality.
<table>
<thead>
<tr>
<th>Company Information</th>
<th>Company Representative</th>
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<tbody>
<tr>
<td>Company Name Submitting Offer:</td>
<td>Primary Contact</td>
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<tr>
<td>Company Name on Potential Contract:</td>
<td>Contact Name:</td>
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<tr>
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<td>Interconnection Point:</td>
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<td>Proposed CAISO Delivery Point:</td>
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<td>Net Contract Capacity: MW</td>
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<td>Commercial Operation Date:</td>
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### Instructions:
Populate the table with expected nameplate capacity factor for your project on the first day of the month at the top of the column.

**Begin Deliveries:** 1/1/2010  
**First Weekday of Deliveries:** Friday  
**Escalation Type:** Annual

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</table>
### Instructions:

**Delivery Profile 2010 RPS Solicitation**

**Return to Capacity Pricing**

**Total Factors in Month:**

- January 199
- February 253
- March 288
- April 327
- May 344
- June 330
- July 319
- August 291
- September 268
- October 213
- November 199

**Total Factors in Typical Week:**

- 48 49 57 67 74 80 75 72 68 61 50 45

**% of annual delivery in month:**

- 6% 6% 8% 9% 10% 11% 10% 10% 9% 8% 7% 6%

**Return to Capacity Pricing**

**Total Factors in Month:**

- January 199
- February 253
- March 288
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**Total Factors in Typical Week:**

- 48 49 57 67 74 80 75 72 68 61 50 45

**% of annual delivery in month:**

- 6% 6% 8% 9% 10% 11% 10% 10% 9% 8% 7% 6%
### Project Information

- **Project Name:**
- **Project Letter:**
- **Other Info:** (If applicable, enter/"N/A").
- **Required/Optional Tax Benefits:**
- **Pricing Option No.:**
- **PPA Term:**
- **Required Subsidies/Tax Benefits:**
- **Check all Applicable PTC:**
- **Product Type:**
- **Unit Firm Type:**
  - If the Renewable Energy Source is solar or wind, product type must be "As-Available".
- **Unit Firm Type** is "N/A.

### Options Dismissed from Pricing (Note: The ability to dispatch-down is optional, not required.)

- Annual備份可能は廃棄されることがあります。
- Hours
- Unit Cost per Dispatched
- Unit Cost per Dispatched
- Ramp down rate (MW per minute or hour)
- Minimum output maximum hours
- Maximum output maximum hours
- Maximum output maximum hours

### Other Conditions which would change pricing:

- Minimum output minimum hours
- Minimum output maximum hours
- Minimum output maximum hours

### Pricing Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Unit Cost per Curtailment</th>
<th>Capacity Price</th>
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If pricing is not fixed, describe the escalation factor(s):
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<th>Value</th>
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### Annual Costs

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<td>Other</td>
<td>$</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
</tr>
</tbody>
</table>

### Net Present Value

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Present Value</td>
<td>$</td>
</tr>
</tbody>
</table>

### Load Rights

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Load</td>
<td>$</td>
</tr>
</tbody>
</table>

---

1. If pricing is not fixed, describe the escalation factor(s):
2. Describe other element(s):
3. Per manufacturers recommended maintenance schedule.
4. NPV to January 1, 2010 dollars using 8.40% discount rate.
Generation Profile (Dispatchable Units Only)

Instructions:

If your project is dispatchable, respond to the questions below.

Plant Description:

<table>
<thead>
<tr>
<th>Plant Start Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dispatch Profile</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

List the number of starts and startup costs for your plant. Also list the MMBTU associated with the startup cost of your plant if you are burning natural gas.

Please Answer the Following Dispatch Information:

1. Will your plant be supplemented with Natural Gas or other fossil fuel? Not Applicable (N/A)
2. What percentage of your fuel costs will be fixed or variable? 0% Fixed 100% Variable
3. What percentage of your O&M will be fixed or variable? 0% Fixed 100% Variable
4. What percentage of your start costs will be fixed or variable? 0% Fixed 100% Variable
5. What is your COLD start ramp-up rate (MW per minute, hour)? Minutes
6. What is your WARM start ramp-up rate (MW per minute, hour)? Minutes
7. What is your HOT start ramp-up rate (MW per minute, hour)? Minutes
8. What is your minimum up and minimum down times (e.g. minutes, hours)? Min Up Hours Min Down Hours
9. What are your operating ranges MW (minimum and maximum)? MW Minimum MW Maximum
10. What is your expected schedule maintenance outage rate? 0% Hours/Year
11. What is your expected forced outage rate? 0% Hours/Year
12. What are you expected run hours? Hours/Year
13. Describe any seasonal variations in your available MWH deliveries.

Bidder Notes:
A. **Conditions Precedent**

The effectiveness of any Agreement shall be subject to (i) CPUC approval of the Agreement and allowing full rate recovery of all costs, (ii) issuance by the CPUC of a certificate of public convenience and necessity authorizing Buyer’s ownership of the Project in form and substance acceptable to Buyer in its sole discretion, and (iii) completion of detailed interconnection and delivery studies and approval by Buyer and Respondent of the costs to be incurred by each party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Project to load as is consistent with FERC’s orders and rulemakings. Please verify that these conditions are acceptable and describe any other conditions being proposed.

B. **Transaction Description**

Respondent will develop, design, engineer, finance, construct, complete and test the facility on a turnkey basis using qualified contractors and suppliers acceptable to Buyer pursuant to construction contracts and subcontracts in form and substance acceptable to Buyer. Respondent shall sell, and Buyer shall purchase and pay for all of Respondent’s right, title and interest in all of the real property, personal property and intangible assets comprising the Project. Please verify that these conditions are acceptable and describe any other conditions being proposed.
C. **Sale Assets**

Please provide the following information:

a) A description of the plant/resource (including the underlying Project site, asset life, rated capacity, and capacity factor)

b) A list of spare parts and inventory to be included as of the Closing Date

c) A list of assumed contracts and liabilities
D. Purchase Price

Please provide the purchase price, which shall be inclusive of all state and local sales and transfer taxes of any kind, and any delay damages.

E. Payment Terms

Please describe payments terms associated with the offer.
F. Performance Guarantees/Performance Liquidated Damages

Discuss any performance guarantees and liquidated damages being offered.

---

G. Warranty

Discuss any warranty being offered.
**H. Closing Terms and Conditions**

Discuss proposed closing date and proposed closing conditions and ownership transition plans. Discuss how the Purchase Price will be reduced for any delays in achieving the Commercial Operation Date by the guaranteed date.

**I. Major Plant Equipment**

Respondent shall procure all equipment for the Project from major manufacturers with a proven reliability record. Please provide a list of manufacturers and models. Buyer shall have the right to approve/reject proposed manufacturers and models for major plant equipment of the Project.
J. Land

Describe the land underlying the site being proposed. Discuss how Respondent shall sell or transfer to Buyer the leasehold interest in the land on which the Project is located as part of the Project, free and clear of all liens and encumbrances.

K. Testing Plan

Please describe the testing plan. During testing, Buyer shall have the right to witness the testing to observe the results. However, overall accountability for successful plant performance shall remain with Respondent. The certified results of any tests conducted by Respondent shall be submitted to Buyer within 21 days after the date such tests were conducted for Buyer’s review and approval.
L. **Operation and Maintenance Agreement**

Please propose a 10-year O&M Agreement. The Agreement shall be effect upon SDG&E ownership of the facility. The Agreement shall include, as a minimum:

a) Operation and Maintenance Fees

b) Operation and Maintenance Plan/Methods. (TPM, TQM, RCM)

c) Personnel profiles

d) Performance Management, including sample reports with (KPIs)

e) SCADA and Maintenance Systems.
M. Credit Support

Describe the proposed credit support being offered

N. Lawsuits

Please discuss whether or not your firm, or any of the executive officers of your firm, been a party to a lawsuit involving the performance of any equipment it has installed. If so, please include a summary of the issues and the status of the lawsuit.
O. Additional Information

*Insert additional relevant information necessary for SDG&E to evaluate the merits of the proposal.*
[Form of PPA for As-Available, Baseload, Peaking or Dispatchable Product]

[Standard contract terms and conditions that “may not be modified” per CPUC D.04-06-014 and subsequent decisions are shown in red shaded text and standard contract terms and conditions that may be modified per CPUC D.04-06-014 and subsequent decisions are shown in green shaded text.]

POWER PURCHASE AGREEMENT

Between

SAN DIEGO GAS & ELECTRIC COMPANY
(as “Buyer”)

and

________________________

(as “Seller”)

Modifications to the PPA, except to non-modifiable standard language, may be necessary to accommodate short term deals.
# POWER PURCHASE AGREEMENT

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

Name: _____________________________ (“Seller”)  
All Notices:  
Street: _____________________________  
City: __________________ Zip: ___________  
Attn: Contract Administration  
Phone: _____________________________  
Facsimile: ___________________________  
Duns: _______________________________  
Federal Tax ID Number: ________________  
Invoices:  
_________________________________________________________________________  
Attn:  
Phone:  
Facsimile:  
Scheduling:  
_________________________________________________________________________  
Attn:  
Phone:  
Facsimile:  
Payments:  
_________________________________________________________________________  
Attn:  
Phone:  
Facsimile:  
Wire Transfer:  
BNK: _______________________________  
ABA: _______________________________  
ACCT: _____________________________  
Confirmation: ________________________  
FAX: _______________________________  
Credit and Collections:  
_________________________________________________________________________  
Attn:  
Phone:  
Facsimile:  

Name: San Diego Gas & Electric Company (“Buyer”)  
All Notices:  
Street: 8315 Century Park Court  
City: San Diego, CA Zip: 92123  
Attn: Contract Administration  
Phone: (858) 650-6176  
Facsimile: (858) 650-6190  
Duns: 006911457  
Federal Tax ID Number: 95-1184800  
Invoices:  
San Diego Gas & Electric Company  
8315 Century Park Ct.  
San Diego, California 92123-1593  
Attn: Energy Accounting Manager  
Phone: (858) 650-6177  
Facsimile: (858) 650-6190  
Scheduling:  
San Diego Gas & Electric Company  
8315 Century Park Ct.  
San Diego, California 92123-1593  
Attn: Transaction Scheduling Manager  
Phone: (858) 650-6160  
Facsimile: (858) 650-6191  
Payments:  
San Diego Gas & Electric Company  
PO Box 25110  
Santa Ana, CA 92799-5110  
Attn: Mail Payments  
Phone: (619) 696-4521  
Facsimile: (619) 696-4899  
Wire Transfer:  
BNK: Union Bank of California  
for: San Diego Gas & Electric Company  
ABA: Routing # 122000496  
ACCT: #4430000352  
Confirmation: SDG&E, Major Markets  
FAX: (213) 244-8316  
Credit and Collections:  
San Diego Gas & Electric Company, Major Markets  
555 W. Fifth Street, ML 10E3  
Los Angeles, CA 90013-1011  
Attn.: Major Markets, Credit and Collections  
Manager  
Fax No.: (213) 244-8316
With additional Notices of an Event of Default or Potential Event of Default to:

Sempra Energy
101 Ash Street
San Diego, CA 92101
Attn: Assistant General Counsel, Commercial Law
Facsimile: (619) 696-4377

Phone: (213) 244-4343
With additional Notices of an Event of Default or Potential Event of Default to:

Attn: ________________________________
Phone: ________________________________
Facsimile: ________________________________
GENERAL TERMS AND CONDITIONS

ARTICLE ONE: GENERAL DEFINITIONS

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

“[AAA][JAMS]” means [the American Arbitration Association] [JAMS, Inc.].

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

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

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

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

(a) if the Project is unavailable as a result of a Forced Outage and such Forced Outage is not the result of Seller’s negligence or willful misconduct;

(b) Force Majeure;

(c) by the Buyer’s failure to perform;

(d) by a Planned Outage of the Project;

(e) a reduction in output as ordered under Dispatch Down Periods; or

(f) [the unavailability of landfill gas which was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided.] OR [insufficient wind power for the Project to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Project’s technical specifications.] OR [the unavailability of water or the unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the
Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided. OR [insufficient solar power for the Project to generate energy as determined by the best solar standards utilized by other solar producers or purchasers in the vicinity of the Project.]

[For Dispatchable Product only: “Availability Adjustment Factor” has the meaning set forth in Section 4.1(b).]

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

[For Dispatchable Product only: “Availability Notice” has the meaning set forth in Section 3.3(f/g).]

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

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

[For Baseload Product only: “Baseload” means a Unit Firm Product for which the delivery levels are uniform twenty-four (24) hours per day, seven (7) days per week.]

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

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

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

[When SDG&E is the SC for the Project: “CAISO Charges Invoice” has the meaning set forth in Section 3.3(a/b)/(iv).]
“CAISO Grid” means the system of transmission lines and associated facilities of the Participating Transmission Owners that have been placed under the CAISO’s operational control.

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

“California Renewables Portfolio Standard” means the Renewables Portfolio Standard of California under California Senate Bills 1078 and 107, as codified in California Public Utilities Code Sections 387, 390.1, and 399.25 and Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1, as such provisions are amended or supplemented from time to time.

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

[For Dispatchable Product only: “Capacity Price” has the meaning set forth in Section 4.1(a).]

[For Baseload, Peaking, or Dispatchable Product only: “Capacity Test” shall be the complete capacity testing procedure for the Project that is reasonably acceptable to Buyer that Seller shall develop no later than thirty (30) days prior to the initial capacity testing of the Project prior to the Commercial Operation Date. The capacity testing procedure shall describe in detail the testing standard(s) to be used for the technology of the Project, the conditions under which testing shall take place, the average summer ambient conditions to which the results will be corrected, and the testing procedures. The same capacity testing procedure shall be applied to all subsequent Capacity Tests.]

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

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

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

“Commercial Operation” means that (a) the Project is operating and able to produce and deliver Energy to Buyer pursuant to the terms of this Agreement; (b) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as
Exhibit E; (c) Seller shall have delivered true, correct, and complete Certificates of Commercial Operation from Seller, the Turbine Supplier, the EPC Contractor, and a Licensed Professional Engineer; (d) Seller shall have delivered to Buyer the Delivery Term Security required under Article 8; (e) Seller has received all local, state and federal Governmental Approvals and other approvals as may be required by Law for the construction, operation and maintenance of the Project, including approvals, if any, required under the California Environmental Quality Act for the Project and related interconnection facilities; [For Baseload, Peaking, Dispatchable Product only: and (f) Seller shall have successfully completed the initial Capacity Test and delivered to Buyer a true, correct, and complete report documenting the results of Seller’s initial Capacity Test as required under Section 3.1(f)].

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

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

“Construction Period Security” shall mean the Performance Assurance that Seller is required to maintain during the period from the CP Satisfaction Date until the commencement of the Delivery Term, as specified in Article 8, to secure performance of its obligations hereunder.

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

[When Seller is SC for the Project: “Contract Energy” means the lower of Delivered Energy or Scheduled Energy for any given period in each case net of all Electrical Losses.]

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

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

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

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

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

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

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

(b) finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer’s compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq., Decision 03-06-071, or other applicable Law.

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

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

“Daily Delay Damages” means an amount equal to (a) the Construction Period Security amount required hereunder, divided by (b) the number of days in the Project Cure Period.

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

[Dispatchable Product only: “Default Availability Factor” means, for any period, the amount determined according to the following formula:

\[
\text{Default Availability Factor} = \frac{(PH - (EDH - EEDH))}{PH}
\]

Where:

- \(PH\) is the number of period hours;
- \(EDH\) is the number of equivalent derate hours calculated as the sum, for each derate, of the product of the number of hours of full or partial derate hours times the size of the reduction divided by the Contract Capacity for the month. For the purposes of this calculation, a derate includes all outages for any reason, including without limitation, Forced Outages, Force Majeure events, Dispatch Down Periods, Planned Outages, Buyer’s failure to perform, and other times when any portion of the Contract Capacity is not available or the Delivered Energy of the Project is less than the amount of Energy dispatched by Buyer; and
- \(EEDH\) is the number of equivalent excused derate hours solely due to either Force Majeure events, Dispatch Down Periods or Buyer’s failure to perform (and for no other reason), calculated as the sum, for each excused
derate, of the product of the number of hours of full or partial derate hours times the size of the reduction, divided by the Contract Capacity for the month.]

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

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

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

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

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

“Delivery Term Security” shall mean the Performance Assurance that Seller is required to maintain during the Delivery Term, as specified in Article 8, to secure performance of its obligations hereunder.

“Development Period Security” shall mean the Performance Assurance that Seller is required to maintain during the period from the Execution Date to the CP Satisfaction Date, as specified in Article 8, to secure performance of its obligations hereunder.

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

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

“Dispatch Down Period” means the period of curtailment of delivery of Product from the Project resulting from (a) curtailments ordered from the CAISO, for reasons including but not limited to any system emergency, as defined in the CAISO Tariff (“System Emergency”), (b) curtailments ordered by the Participating Transmission Owner based on any warning of an anticipated System Emergency, or warning of an imminent condition or situation which could jeopardize the Participating Transmission Owner’s electric system integrity or the integrity of other systems to which the Participating Transmission Owner is connected; (c) curtailments that in the aggregate do not exceed fifty (50) hours during any Contract Year ordered by Buyer based upon Buyer’s forecast of over generation; (d) curtailments ordered by the Participating Transmission Owner as a result of scheduled or unscheduled maintenance on the participating Transmission Owner’s transmission facilities that prevents (i) Buyer from receiving or (ii) Seller from delivering Delivered Energy at the Delivery Point; [If the Project is located outside of the CAISO: or (e) curtailments ordered by the Transmission Provider provided, that Seller has contracted for firm transmission with such Transmission Provider for the Product to be delivered to the Delivery Point and such curtailment is due to “force majeure” or “uncontrollable force” or a similar term as defined under the Transmission Provider’s tariff].

8
[For Dispatchable Product only: “Dispatch Notice” means the operating instruction, and any subsequent updates given by Buyer to Seller, directing the Project to operate at a specified megawatt output.]

[For Dispatchable Product only: “Dispatchable” means a Unit Firm Product for which Seller makes available capacity for Buyer to Schedule and dispatch up or down at Buyer’s option in accordance with Section 3.3([g/h]).]

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

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

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

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

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

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

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

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

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

[For Dispatchable Product only: “Equivalent Availability Factor” or “EAF” has the meaning set forth in Section 4.1(b).]

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

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

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

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

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

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

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

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

(b) Force Majeure shall not be based on:

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

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

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

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

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

(vi) Seller’s failure to obtain additional funds, including funds authorized by a state or the federal government or agencies thereof, to supplement the payments made by Buyer pursuant to this Agreement;
(vii) a strike, work stoppage or labor dispute limited only to any one or more of Seller, Seller’s Affiliates, the EPC Contractor or subcontractors thereof or any other third party employed by Seller to work on the Project; or

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

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

“GAAP” has the meaning set forth in Section 13.4.

“Gains” means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Delivery Term, determined in a commercially reasonable manner, subject to Section 5.2 hereof. Factors used in determining economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties, including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining term of this Agreement and include the value, if any, of Capacity Attributes, and Green Attributes.

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

“Governmental Approval” means all authorizations, consents, approvals, waivers, exceptions, variances, filings, permits, orders, licenses, exemptions and declarations of or with any governmental entity and, with respect to the Seller, shall include those siting and operating permits and licenses, and any of the foregoing under any applicable environmental Law, that are required for the construction, use, and operation of the Project.
“Governmental Authority” means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question.

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

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by Law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state Law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local Law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits. If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.

“Guaranteed Commercial Operation Date” or “GCOD” means [insert date], as may be extended pursuant to Section 3.9(c)(ii).

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

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1 Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.
“Guarantor” means, with respect to Seller, any person that (i) does not already have any material credit exposure to Buyer under any other agreements, guarantees, or other arrangements at the time its Guaranty is issued, (ii) is an Affiliate of Seller, or other third party reasonably acceptable to Buyer, (iii) has a Credit Rating of [____] or better from S&P or a Credit Rating of [____] or better from Moody’s, (iv) has a tangible net worth of at least [______________], (v) is incorporated or organized in a jurisdiction of the United States and is in good standing in such jurisdiction, and (vi) executes and delivers a Guaranty for the benefit of Buyer substantially in the form attached hereto as Exhibit D. **[SDG&E will consider accepting a Guaranty based on the Project, the amount of Performance Assurance, and the identity of the Seller and Guarantor]**

“Guaranty” means a guaranty from a Guarantor provided for the benefit of Buyer substantially in the form attached hereto as Exhibit D. **[SDG&E will consider accepting a Guaranty based on the Project, the amount of Performance Assurance, and the identity of the Seller and Guarantor]**

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

**[For As-Available Product PIRP Participants only and only when Seller is SC for the Project: “Imbalance Price” has the meaning set forth in Section 4.[2/3](b).]**

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

“Interconnection Facilities” means the facilities, which include all apparatus installed pursuant to the Participating Transmission Owner’s facility connection requirements, to which Seller shall be able to interconnect and deliver Energy from the Project to and at the Delivery Point, including, but not limited to, connection, transformation, switching, metering, communications, control, and safety equipment, such as equipment required pursuant to Good Industry Practices and in accordance with any agreements entered into by Seller necessary for interconnection to protect the Participating Transmission Owner’s electric system (or other systems to which the Participating Transmission Owner’s electric system is connected, including the CAISO Grid) and the Participating Transmission Owner’s or Transmission Provider’s, as applicable, customers from faults occurring at the Project.

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

“Interest Payment Date” means the last Business Day of each calendar year.

“Interest Period” means the monthly period beginning on the first day of each month and ending on the last day of each month or the shorter period during which Performance Assurance in the form of cash is held by Buyer.
“Interest Rate” means for any date the rate per annum equal to the Federal Funds Effective Rate (Monthly) for the prior month as reported opposite the caption “Federal Funds (effective)” in Federal Reserve Statistical Release Publication H.15, or its successor publication.

[“Investment Tax Credit” or “ITC” means the tax credit for property described in Section 48(a)(3)(A)(i) [solar energy property] of the Internal Revenue Code of 1986, as it may be amended from time to time.]

[Note: Modify section reference for different technologies. Delete this definition if the Seller is seeking Production Tax Credits or the term is not otherwise used.]

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

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

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

“Losses” means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from a Terminated Transaction for the remaining term of this Agreement, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of this Agreement and include the value, if any, of Capacity Attributes, and Green Attributes.

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

“Milestones” has the meaning set forth in Section 3.9(b)(i).
[For Dispatchable Product only: “Monthly Capacity Payment” has the meaning set forth in Section 4.1(b).]

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

[For Dispatchable Product only: “Monthly Shaping Factor” has the meaning set forth in Section 4.1(b).]

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

“MWh” means megawatt-hour.

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

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

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

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

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

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

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

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

[For intermittent As-Available Product: “Participating Intermittent Resource” shall have the meaning set forth in the CAISO Tariff.]
[For an intermittent As-Available Product only:] “PIRP” or “Participating Intermittent Resource Program” means the rules, protocols, procedures and standards for Participating Intermittent Resources under the CAISO’s Eligible Intermittent Resource Protocol, as may be amended from time to time, as set forth in the CAISO Tariff.]

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

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

[For Peaking Product only:] “Peaking” means a Unit-Firm Product for which Energy must be delivered during hours ending 1200-1900 (11:00 am to 7:00 pm) on Monday-Friday, excluding NERC Holidays, for the months July through October and during hours ending 1400-2100 (1:00 pm to 9:00 pm) on Monday-Friday, excluding NERC Holidays, for the months November and December. [Note: Buyer will consider other firm products such as 6x16: “6x16 Block” means a Unit-Firm Product for which Energy must be delivered during hours ending 0700-2200 (6:00 am to 10:00 pm) on Monday-Saturday throughout the Delivery Term.]

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

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

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

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

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

[“Production Tax Credit” or “PTC” means the tax credit for electricity produced from certain renewable generation resources described in Section 45 of the Internal Revenue Code of 1986, as it may be amended from time to time.] [Note: Modify section reference for different technologies. Delete this definition if the Seller is seeking Investment Tax Credits or the term is not otherwise used.]

“Project” means all of the [insert technology] electric generating units, the Site at which the generating facility is located and the other assets, tangible and intangible, that compose the generation facility as more particularly described on Exhibit A.

“Project Cure Period” has the meaning set forth in Section 3.9(c)(i).
“Quarterly Progress Report” means the report similar in form and content attached hereto as Exhibit F, as may be modified from time to time to meet applicable CPUC requirements.

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

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

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

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

“Renewable Energy Credit” has the meaning set forth in California Public Utilities Code Section 399.12(g), as may be amended from time to time or as further defined or supplemented by Law.

“Replacement Price” means the price (in dollars per megawatt hour) at which Buyer, acting in a commercially reasonable manner, purchases for delivery at the Delivery Point (or any other reasonably equivalent delivery point for Buyer) a replacement for any Product (including its associated Green Attributes) that was not Scheduled and delivered by Seller, plus (i) costs (calculated in dollars per megawatt hour) reasonably incurred by Buyer in purchasing such replacement Product and (ii) additional transmission charges (calculated in dollars per megawatt hour), if any, reasonably incurred by Buyer for such replacement Product, or absent a purchase, the market price at the Delivery Point (or any other reasonably equivalent delivery point for Buyer) for such replacement Product for the hours impacted by such failure to Schedule or deliver such Product as determined by Buyer in a commercially reasonable manner. The Replacement Price also shall include all CAISO and other charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the Scheduled supply resulting from Seller’s failure to Schedule or deliver; provided, however, in no event shall such price include any ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party. If for any reason a Replacement Price is unavailable when Seller fails to deliver Schedule Product, then the Replacement Price for the hours when a Replacement Price is unavailable shall be the last available Replacement Price together with any charges and penalties allocated to Buyer during such time.

“Resource Adequacy” means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC Decisions D.04-10-035 and D.05-10-042 and subsequent CPUC decisions addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemakings (R.) 04-04-003 and (R.) 05-12-013 or by any successor proceeding, and all other Resource Adequacy obligations established by any other entity, including the CAISO.

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


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

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

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

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

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

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

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

“Station Service” means the electric energy produced by the Project that is either used within the Project to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for operation of the Project.

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

“Termination Payment” has the meaning set forth in Section 5.2.
[For TOD Pricing Only]: “TOD Factors” has the meaning set forth in Section 4.[1/2](b).

[For TOD Pricing Only]: “TOD Period” has the meaning set forth in Section 4.[1/2](b).

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

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

[For Baseload, Peaking, or Dispatchable Product only]: “Unit Firm” means, with respect to a Product, that the Product is intended to be supplied from the Project, and subject to the terms of this Agreement, Seller is excused from selling and delivering the Product to Buyer, and [Seller shall not be liable to Buyer for any damages determined pursuant to Section 3.1(h) of the Agreement, in the event that Seller fails to deliver the Product to Buyer for any of the following reason:]

(a) if the Project is unavailable as a result of a Forced Outage and such Forced Outage is not the result of Seller’s negligence or willful misconduct;

(b) Force Majeure;

(c) by the Buyer’s failure to perform;

(d) by a Planned Outage of the Project or

(e) a reduction in output as ordered under Dispatch Down Periods.

The following products shall be considered “Unit Firm” products: Peaking, Baseload, and Dispatchable.

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

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

1.2 Interpretation. The following rules of interpretation shall apply:

(a) The term “month” shall mean a calendar month unless otherwise indicated, and a “day” shall be a 24-hour period beginning at 12:00:01 a.m. Pacific Prevailing Time and ending at 12:00:00 midnight Pacific Prevailing Time; provided that a “day” may be 23 or 25 hours on those days on which daylight savings time begins and ends.

(b) Unless otherwise specified herein, all references herein to any agreement or other document of any description shall be construed to give effect to amendments, supplements, modifications or any superseding agreement or document as then exist at the applicable time to which such construction applies.
Capitalized terms used in this Agreement, including the appendices hereto, shall have the meaning set forth in Article 1, unless otherwise specified.

Unless otherwise specified herein, references in the singular shall include references in the plural and vice versa, pronouns having masculine or feminine gender will be deemed to include the other, and words denoting natural persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other entities (whether or not having a separate legal personality). Other grammatical forms of defined words or phrases have corresponding meanings.

The term “including” when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation.

References to a particular article, section, subsection, paragraph, subparagraph, appendix or attachment shall, unless specified otherwise, be a reference to that article, section, subsection, paragraph, subparagraph, appendix or attachment in or to this Agreement.

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

All references to dollars are to U.S. dollars.

ARTICLE TWO: EFFECTIVENESS OF AGREEMENT; CONDITIONS PRECEDENT

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

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

(a) Seller’s Obligations. Prior to the CP Satisfaction Date, Seller shall (i) use commercially reasonable efforts to pursue satisfaction of the Conditions Precedent set forth in Sections [___], (ii) diligently pursue development of the Project in accordance with Section 3.9, (iii) comply with Section 3.9(b) in achieving the applicable Milestones that have due dates occurring prior to the CP Satisfaction Date, reporting completion of such Milestones, and delivering Remedial Action Plans in respect of missed Milestones as more fully described therein, (iv) deliver the Quarterly Progress Report in accordance with Section 3.9(a), and (v) otherwise comply with its obligations, covenants, representations, and warranties under Articles 7-13. Upon an Event of Default of Seller prior to the CP Satisfaction Date, Buyer may terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the Development Period Security. Buyer may retain such Performance Assurances to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer
would incur due to an Event of Default of Seller prior to the CP Satisfaction Date would be
difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this
section are a reasonable and appropriate approximation of such damages, and (c) the liquidated
damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior
to the CP Satisfaction Date.

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

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

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

(b) **Electrical Interconnection.**

(i) No later than [_______________], Buyer shall have agreed to and
approved of (in its sole discretion) the in-service interconnection date and the costs to be
incurred by Buyer for any required transmission network upgrades and interconnection facilities
reasonably necessary to enable the cost-effective and reliable delivery of Energy from the Project
to Buyer’s load as is consistent with FERC’s then current orders and rulemakings.

(ii) No later than [_______________], Seller shall have agreed to and
approved of (in its sole discretion) the in-service interconnection date and the costs to be
incurred by Seller for any required transmission network upgrades and interconnection facilities
reasonably necessary to enable the cost-effective and reliable delivery of Energy from the Project
to Buyer’s load as is consistent with FERC’s then current orders and rulemakings.

(c) [Others, Major Governmental Approvals, Financing, PTC/ITC, etc.]
2.4 Failure to Meet All Conditions Precedent.

(a) Beneficiary Party.

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

(ii) Buyer shall be the sole beneficiary of the Conditions Precedent set forth in Sections 2.3(b)(i) [Others], and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, Buyer alone must waive (in its sole discretion) non-satisfaction by the deadline date therefor.

(iii) Seller shall be the beneficiary of the Conditions Precedent set forth in Sections 2.3(b)(ii) [Others], and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, Seller alone must waive (in its sole discretion) non-satisfaction by the deadline date therefor.

(b) Termination. If any of the Conditions Precedent is not satisfied or waived in writing by the beneficiary Parties thereto on or before the applicable deadline date therefor, then either of the Parties may terminate this Agreement with no further obligation to either Party (other than as set forth in Sections 2.4(b)(i)-(ii) below and any other payment obligations which are accrued and payable at the time of termination) by delivery of Notice to the other Party within fifteen days after the applicable deadline date. If a Party has the right to terminate this Agreement pursuant to this Section 2.4, but fails to deliver Notice of termination within each fifteen day period after each deadline date, then such Party’s termination right per this Section 2.4 for such deadline date shall be deemed waived in its entirety.

(i) Upon a termination of this Agreement by either Party for any reason under Section 2.4 other than the failure of the Conditions Precedent set forth in Sections 2.3(a) or 2.3(b)(i) [Others] to be satisfied or waived by Buyer, Seller shall forfeit to Buyer an amount equal to the Development Period Security. Buyer may retain the Development Period Security to pay such amount.

(ii) Upon a termination of this Agreement by either Party as a result of the failure of the Conditions Precedent set forth in Sections 2.3(a) or 2.3(b)(i) [Others] to be satisfied or waived by Buyer, Buyer shall return to Seller the Development Period Security.

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

ARTICLE THREE: OBLIGATIONS AND DELIVERIES

3.1 Transaction.

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

(b) Transaction. Unless specifically excused by the terms of this Agreement during the Delivery Term, Seller shall sell and deliver, or cause to be delivered, and Buyer shall purchase and receive, or cause to be received, the Product at the Delivery Point, and Buyer shall pay Seller for the Product in accordance with the terms hereof. In no event shall Seller have the right to procure any element of the Product from sources other than the Project for sale or delivery to Buyer under this Agreement. [If the Project is located outside of the CAISO: except with respect to Imbalance Energy from the Transmission Provider].

(c) Delivery Term. The Parties agree that the period of Product delivery is \[____\] Contract Years. As used herein, “Delivery Term” shall mean the period of Contract Years specified above beginning on the Commercial Operation Date and continuing until the end of the last Contract Year unless terminated earlier as provided by the terms of this Agreement.

(d) Delivery Point. The Delivery Point shall be [the point of interconnection of the Project to the CAISO Grid] [Seller may specify another delivery point. For a Project located outside the CAISO Grid, the Delivery Point should be a CAISO Scheduling Point as defined by the CAISO].

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

(f) Contract Capacity. The “Contract Capacity” is the full generation capacity of the Project net of all Station Service which shall be [For As-Available Product: no less than [_____] MW and no greater than [_____] MW] [For Baseload, Peaking, or Dispatchable Product only: an amount determined periodically pursuant to a Capacity Test as set forth below]. Throughout the Delivery Term, Seller shall sell and Schedule all Product associated with the Contract Capacity of the Project solely to Buyer, except in the case of an Event of Default of Buyer [If the Project is located outside of the CAISO: or the sale of Imbalance Energy to the Transmission Provider]. [For Dispatchable Product: Throughout the Delivery Term, Seller shall make the Contract Capacity available solely to Buyer at all times, except in the case of an Event of Default of Buyer [If the Project is located outside of the CAISO: or the sale of Imbalance Energy to the Transmission Provider].]

(i) [For Baseload, Peaking, Dispatchable Product: Initial Capacity Testing. Upon no less than fourteen (14) days prior Notice to Buyer, Seller shall schedule and complete a Capacity Test prior to the Commercial Operation Date for the Project. Such initial Capacity Test shall establish the Contract Capacity for the Project for the first Contract Year.]

(ii) [For Baseload, Peaking, Dispatchable Product: Annual Capacity Testing. Thereafter, at least once per Contract Year within the first quarter of each Contract Year, upon no less than 14 days prior Notice to Buyer, Seller shall schedule and complete a Capacity Test. In addition, Buyer shall have the right to require a retest of the Capacity Test at any time upon five (5) days prior written Notice to Seller if Buyer reasonably believes that the actual Contract Capacity has varied materially from the results of the most recent tests. Seller shall have the right to run a retest of the Capacity Test at any time upon two (2) days prior written Notice to Buyer (or any shorter period reasonably acceptable to Buyer consistent with Good Industry Practices).]

(iii) [For Baseload, Peaking, Dispatchable Product: Witness at Capacity Tests. Buyer shall have the right to send one or more representative(s) to witness all Capacity Tests.]

(iv) [For Baseload, Peaking, Dispatchable Product: Capacity Test Reporting. No later than fourteen (14) days following any Capacity Test, Seller shall submit a testing report detailing results and findings of the test. The report shall include meter readings and plant log sheets verifying the operating conditions and output of the Project. The Contract Capacity determined pursuant to a Capacity Test shall become the new Contract Capacity at the beginning of the day following the completion of the test for all purposes under this Agreement.]

(v) [For Baseload, Peaking, Dispatchable Product: Capacity Test Costs and Payments. Buyer shall pay the [Monthly Energy Payment] in respect of the Product produced during the initial Capacity Test prior to the Commercial Operation Date and each annually scheduled Capacity Test thereafter. In addition, Buyer shall pay the [Monthly Energy Payment] in respect of the Product produced during any other Buyer requested test unless the
results of such test demonstrate that the actual Contract Capacity has varied by more than two percent (2%) from the results of the most recent tests, in which case Buyer shall pay the lesser of the [Monthly Energy Payment] in respect of the Product produced during such test and the applicable CAISO real-time hourly average energy price. In addition, Buyer shall pay the lesser of the [Monthly Energy Payment] in respect of the Product produced during any Seller requested test and the applicable CAISO real-time hourly average energy price]. Buyer is responsible for all costs, expenses and fees payable or reimbursable to its representative(s) witnessing Capacity Testing. All other costs of any Capacity Tests shall be borne by Seller.

(g) Project. All Product provided by Seller pursuant to this Agreement shall be supplied from the Project only [If the Project is located outside of the CAISO: except with respect to Imbalance Energy from the Transmission Provider]. Other than maintenance in accordance with Good Industry Practices, Seller shall not make any alteration or modification to the Project which results in a change to the Contract Capacity of the Project without Buyer’s prior written consent. The Project is further described in Exhibit A.

(h) Performance Excuses.

(i) Seller Excuses. The performance of Seller to Schedule, deliver, and sell the Product shall be excused only for the reasons set forth in the definition of the Product type (as such Product type is specified in Section 3.1(a)). If Seller fails to Schedule, deliver, or sell all or part of the Product, and such failure is not excused as described above, then Seller shall pay Buyer, on the date payment would otherwise be due in respect of the month in which the failure occurred an amount for such Product deficiency equal to the positive difference, if any, obtained by subtracting (A) the product of the Energy Price [For TOD Pricing Only: times the weighted average TOD Factor for such period of Product deficiency] times the Product deficiency, from (B) the product of the Replacement Price times the Product deficiency. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

(ii) Buyer Excuses. The performance of Buyer to Schedule, receive, and pay for the Product shall be excused only (A) during periods of Force Majeure, (B) by Seller’s failure to perform or (C) during Dispatch Down Periods. If Buyer fails to Schedule, receive, or purchase all or part of the Product and such failure is not excused as described above, then Buyer shall pay Seller, on the date payment would otherwise be due in respect of the month in which the failure occurred an amount for such Product deficiency equal to the positive difference, if any, obtained by subtracting (Y) the product of the Sales Price times the Product deficiency from (Z) the product of the Energy Price [For TOD Pricing Only: times the weighted average TOD Factor for such period of Product deficiency] times the Product deficiency. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

(i) Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project. Seller agrees that it shall take all
commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable the Project to qualify for Green Attributes and to enable Seller to convey to Buyer such Green Attributes.

(j) **Resource Adequacy.** During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Project’s Contract Capacity, including Capacity Attributes, from the Project for Buyer to use in meeting its Resource Adequacy or successor program requirements, as the CPUC, CAISO or other regional entity may prescribe. Seller understands that the CPUC is currently in the process of developing requirements for Resource Adequacy and these requirements and the implementation thereof have not been finalized. Seller agrees that it shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use all of the Contract Capacity, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this Agreement for the Resource Adequacy requirements of Buyer. Seller agrees that the Project is subject to the terms of the Availability Standards.

(k) **Climate Registry.** Seller shall register the Project with the California Climate Registry as may be required by the CPUC pursuant to Decision 06-02-032 and any subsequent order, but in any event, no later than the [Commercial Operation Date] [initial delivery of test Energy to Buyer prior to the Commercial Operation Date].

(l) **WREGIS.** Prior to the [Commercial Operation Date] [initial delivery of test Energy to Buyer prior to the Commercial Operation Date], Seller shall register the Project in the WREGIS, and take all other actions necessary to ensure that the Energy or Green Attributes produced from the Project are issued and tracked for purposes of satisfying the requirements of the California Renewable Portfolio Standard and transferred to Buyer, including payment of all fees required to register the facility in WREGIS, issue WREGIS certificates, and transfer such certificates to Buyer.

(m) **Prevailing Wage.** To the extent applicable, Seller shall comply with the prevailing wage requirements of California Public Utilities Code Section 399.14, subdivision (h).

3.2 **Transmission.**

(a) **Seller’s Transmission Service Obligations.** During the Delivery Term, Seller shall arrange and be responsible for transmission service for delivery of the Product to and at the Delivery Point and bear all risks and costs associated with such transmission service, including, but not limited to, all Transmission Provider costs and charges, electric transmission losses, and any transmission outages or curtailment, except as provided otherwise in this Agreement in respect of Dispatch Down Periods. [For Projects located outside of CAISO: Seller shall obtain and maintain during the Delivery Term firm transmission service to deliver the Product from the Site to the Delivery Point from all intermediary Transmission Providers between the Site and the Delivery Point. At Buyer’s request, Seller shall provide to Buyer a copy of all firm transmission service agreements and any amendments thereto.] Seller shall fulfill all contractual, metering and applicable interconnection requirements, including those set forth in Participating Transmission Owner’s applicable tariffs, the CAISO Tariff and implementing CAISO standards and requirements, including, but not limited to, executing
applicable interconnection agreements, Participating Generator Agreement and Meter Service Agreement so as to be able to deliver Energy to the CAISO Grid. Seller shall arrange for any interconnection agreement with the CAISO and such interconnection agreement is separate and not a part of this Agreement.

(b) Buyer’s Transmission Service Obligations. During the Delivery Term, Buyer shall arrange and be responsible for transmission service for delivery of the Product from the Delivery Point and bear all risks and costs associated with such transmission service, including, but not limited to, all Transmission Provider costs and charges, electric transmission losses, and any transmission outages or curtailment, except as provided otherwise in this Agreement in respect of Dispatch Down Periods.

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

3.3 Scheduling.

(a) [For As-Available intermittent Product only: PIRP Requirements.]

[Note: Use the following paragraph only if the Project is NOT PIRP eligible as of the Execution Date.] [The intent of this Agreement is that the Project shall be a certified Participating Intermittent Resource. The Parties acknowledge that as of the Execution Date, the CAISO has not yet established protocols for Scheduling [type of technology] power to permit [type of technology] projects to participate in PIRP. As soon as practicable, but not more than ninety (90) days after such Scheduling protocols are finalized and made effective by the CAISO, Seller shall cause the Project to become certified as a Participating Intermittent Resource including negotiating and executing all necessary documents to become a Participating Intermittent Resource. Seller shall be responsible for all CAISO forecasting fees and related charges associated with the Project becoming a Participating Intermittent Resource and participating in PIRP. Seller shall provide Buyer with a copy of the notice from CAISO certifying the Project as a Participating Intermittent Resource as soon as practicable after Seller’s receipt of such notice of certification. Following certification and whenever applicable, Seller and Buyer shall comply with PIRP, and all additional protocols issued by the CAISO relating to Participating Intermittent Resources during the Delivery Term. In the event that PIRP or the CAISO Tariff and/or any protocols relating thereto are changed, amended, modified replaced or terminated, Seller and Buyer agree to comply with such revisions and, to the extent practical, to
implement such revisions in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.]

[Note: If the Project is PIRP eligible as of the Execution Date, please use the following paragraph instead] [Seller shall cause the Project to become a Participating Intermittent Resource including executing all necessary documents to become a Participating Intermittent Resource. Seller shall be responsible for all CAISO forecasting fees and related charges associated with the Project becoming a Participating Intermittent Resource and participating in PIRP. Seller and Buyer shall comply with PIRP, and all additional protocols issued by the CAISO relating to Participating Intermittent Resources, including the PIRP, for the Delivery Term. Seller shall provide Buyer with a copy of the notice from the CAISO certifying the Project as a Participating Intermittent Resource prior to the Commercial Operation Date. In the event that PIRP or the CAISO Tariff and/or any protocols relating thereto are changed, amended, modified replaced or terminated, Seller and Buyer agree to comply with such revisions and, to the extent practical, to implement such revisions in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.]

(b) Scheduling Coordinator.

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

(i) Seller as Scheduling Coordinator for the Project. During the Delivery Term, Seller shall be its own Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with its Transmission Provider to Schedule and deliver the Product to the Delivery Point and Buyer shall be its own Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with its Transmission Provider to Schedule and receive the Product at the Delivery Point. Throughout the Delivery Term, Buyer and Seller shall submit inter-SC trades for scheduling all Product from the Project at the Delivery Point (including Energy, Integrated Forward Market Load Uplift Obligations in respect of self-scheduled Energy, and other Product from time to time contemplated under the CAISO Tariff to be subject to inter-SC trades), based on a final Schedule developed in compliance with this Agreement. During the Delivery Term, each Party or each Party’s SC shall conduct all Scheduling in accordance with the operating procedures developed by the Parties pursuant to Section 3.10 and in full compliance with the applicable CAISO Tariff, protocols and Scheduling practices for Product on a day-ahead, hour-ahead, or real time basis, as determined by Buyer. [For As-Available intermittent Product only: Whenever PIRP is applicable, Seller shall submit Schedules and any updates to such Schedules to the CAISO based on the most current forecast of Delivered Energy consistent with PIRP.] It is the intent of the Parties that neither Party be subject to a double payment or a double charge for Product from the Project through this Agreement and CAISO settlement process and that the more detailed Scheduling and operating procedures developed pursuant to Section 3.10 complement the CAISO settlement process to produce a final economic result between them that is consistent with the fundamental transaction of this Agreement.

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

[When SDG&E is SC for the Project, include the following seven paragraphs:]

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

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

(v) **CAISO Costs and Revenues.** Except as otherwise set forth below and elsewhere in this Agreement, Buyer (as Seller’s SC) shall be responsible for CAISO costs (including penalties, Negative Imbalance Energy costs, and other charges) and shall be entitled to all CAISO revenues (including credits, Positive Imbalance Energy revenues, and other payments) as the Scheduling Coordinator for the Project, including revenues associated with CAISO dispatches, bid cost recovery, inter-SC trade credits, or other credits in respect of the Product Scheduled or delivered from the Project. **[For As-Available Product PIRP Participants only]**: Seller shall be responsible for all CAISO charges or penalties net of credits and payments, in each case, resulting from the Seller not notifying the CAISO and Buyer (as Seller’s SC) of outages or other unavailability of Project capacity in a timely manner (in accordance with the CAISO Tariff and as set forth in Section 3.7) or any other failure by Seller to abide by the CAISO Tariff, including without limitation uninstructed deviation penalties resulting therefrom. **[For all Products other than As-Available Product PIRP Participants]**: Seller shall be responsible for all CAISO charges or penalties net of credits and payments, in each case, resulting from the Project not being available, the Seller not notifying the CAISO and Buyer (as Seller’s SC) of outages in a timely manner (in accordance with the CAISO Tariff and as set forth in Section 3.7), any other failure by Seller to abide by the CAISO Tariff, and deviations between Delivered Energy and Scheduled Energy that are attributable to Seller, the Project, or any event, circumstance, act, or incident occurring prior to or at the Delivery Point, including without limitation uninstructed deviation penalties. The Parties agree that any Availability Incentive Payments are for the benefit of the Seller and for Seller’s account and that any Non-Availability Charges are the responsibility of the Seller and for Seller’s account. In addition, if during the Delivery Term, the CAISO implements or has implemented any sanction or penalty related to scheduling, outage reporting, or generator operation, and any such sanctions or penalties are imposed upon the Project or to Buyer as Scheduling Coordinator due to the actions or inactions of Seller, the cost of the sanctions or penalties shall be the Seller’s responsibility.

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

(vii) **Dispute Costs.** Buyer (as Seller’s SC) may be required to dispute CAISO settlements in respect of the Project. Seller agrees to pay Buyer’s costs and expenses
(including reasonable attorneys’ fees, including reasonably allocated costs of in-house counsel of the Buyer) associated with its involvement with such CAISO disputes.

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

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

(c) **Annual Delivery Schedules.** No later than forty-five (45) days before (A) the first day of the first Contract Year of the Delivery Term and (B) the beginning of each calendar year for every subsequent Contract Year during the Delivery Term, Seller shall provide a non-binding forecast of each month’s average-day expected Delivered Energy, by hour, for the following calendar year.

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

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

(f) **Hourly Delivery Schedules.** Notwithstanding anything to the contrary herein, in the event Seller makes a change to its Schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer’s on-duty Scheduling Coordinator. Seller shall notify Buyer and the CAISO of Forced Outages in accordance with Section 3.7. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Project during or after the end of the outage.

(g) **[For Dispatchable Product Only: Availability Notices.** During the Delivery Period, no later than two (2) Business Days before each Schedule day for the day-ahead market in accordance with WECC scheduling practices, Seller shall provide Buyer with an hourly Schedule of the capacity that the Project is expected to have available for each hour of such Schedule day (the “Availability Notice”). Seller will notify Buyer immediately if the available capacity of the Project may change after Buyer’s receipt of an Availability Notice. Seller shall accommodate Buyer’s reasonable requests for changes in the time of delivery of Availability Notices. Seller shall provide Availability Notices using the form developed by the Parties under Section 3.10 by (in order of preference) electronic mail, facsimile transmission or, telephonically to Buyer personnel designated to receive such communications.]

(h) **[For Dispatchable Product Only: Notices/Dispatch.** Buyer will have the right to dispatch the Project, seven days per week and 24 hours per day (including holidays), by providing Dispatch Notices and updated Dispatch Notices to Seller electronically, and subject to the requirements and limitations set forth in this Agreement. Should dispatch be subject to automatic dispatch system or automatic generation control by Buyer or the CAISO, Seller shall ensure that the Project is capable of following such dispatch. Each Dispatch Notice will be effective unless and until Buyer modifies such Dispatch Notice by providing Seller with an updated Dispatch Notice. If an electronic submittal is not possible for reasons beyond Buyer’s control, Buyer may provide Dispatch Notices by (in order of preference) electronic mail, telephonically, or facsimile transmission to Seller’s personnel designated to receive such communications, as provided by Seller in writing. In addition to any other requirements set forth or referred to in this Agreement, all Dispatch Notices and updated Dispatch Notices will be made in accordance with market notice timelines as specified in the CAISO Tariff.]

3.4 **Dispatch Down/Curtailment.** Seller shall reduce delivery amounts as directed by the CAISO, the Participating Transmission Owner, Buyer, or a Transmission Provider during any Dispatch Down Period.

3.5 **Standards of Care.**

(a) **General Operation.** Seller shall comply with all applicable requirements of Law, the CAISO, NERC and WECC relating to the Project (including those related to construction, ownership and/or operation of the Project).
(b) **CAISO and WECC Standards.** Each Party shall perform all generation, scheduling and transmission services in compliance with all applicable (i) operating policies, criteria, rules, guidelines, tariffs and protocols of the CAISO, (ii) WECC scheduling practices and (iii) Good Industry Practices.

(c) **Reliability Standard.** Seller agrees to abide by all (i) NERC, WECC and CAISO reliability requirements, including all such reliability requirements for generator owners and generator operators, and, if applicable, CPUC General Order No.167, “Enforcement of Maintenance and Operation Standards for Electrical Generating Facilities,” and (ii) all applicable requirements regarding interconnection of the Project, including the requirements of the interconnected Transmission Provider. Seller shall enter into and comply with the WECC Reliability Management System (Generator) Agreement, or successor agreement, as of the Commercial Operation Date and throughout the Delivery Term.

3.6 **Metering.**

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

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

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

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

(b) Real Time Telemetry. Seller shall install, activate and maintain metering, communication and telemetry equipment for the Project in a centralized system to which Buyer shall have real time access. Seller shall link its system to Buyer via an approved Buyer communication network, utilizing existing industry standard network protocol, as reasonably approved by Buyer. Seller shall correct any problems with such equipment as soon as practicable.

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

3.7 Outage Notification.

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

(b) **Forced Outages.** Within [When Seller is the SC for the Project: two hours] [When SDG&E is the SC for the Project: fifteen minutes] of any Forced Outage, Seller shall submit a completed Outage Notification Form to the Buyer in accordance with the instructions shown on the form and shall submit outage information to the CAISO in accordance with the CAISO Tariff [When SDG&E is the SC for the Project: and Section 3.3(b)(ii) above]. Seller shall not substitute Energy from any other source for the output of the Project during a Forced Outage.

(c) **Coordination with CAISO.** Seller shall be responsible [When SDG&E is SC for the Project: in accordance with Section 3.3(b)(ii)] for all outage coordination communications with the CAISO. Buyer shall cooperate with Seller in arranging and coordinating all Project outages with the CAISO.

3.8 **Operations Logs and Access Rights.**

(a) **Operations Logs.** Seller shall maintain a complete and accurate log of all material operations and maintenance information on a daily basis. Such log shall include, but not be limited to, information on power production, fuel consumption, efficiency, availability, maintenance performed, outages, results of inspections, manufacturer recommended services, replacements, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Seller shall maintain this information for at least two (2) years and shall provide this information electronically to Buyer within one day of Buyer’s request.

(b) **Access Rights.** Buyer, its authorized agents, employees and inspectors shall have the right of ingress to and egress from the Project during normal business hours upon reasonable advance Notice and for any purposes reasonably connected with this Agreement.

3.9 **New Generation Facility.**

(a) **Project Development.** Seller, at no cost to Buyer, shall:

   (i) Design and construct the Project.

   (ii) Perform all studies, pay all fees, obtain all necessary approvals and execute all necessary agreements with the CAISO and the Participating Transmission Owner for the Interconnection Facilities to Schedule and deliver the Product.
(iii) Acquire all Governmental Approvals and other approvals necessary for the construction, operation, and maintenance of the Project.

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

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

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

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

(b) Construction Milestones.

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

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

(c) Daily Delay Damages.

(i) COD. Seller shall cause the Project to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date; provided, however, that the Commercial Operation Date shall not occur more than one hundred eighty (180) days prior to the
Guaranteed Commercial Operation Date. If the Commercial Operation Date occurs after the Guaranteed Commercial Operation Date, Seller shall pay to Buyer liquidated damages equal to Daily Delay Damages for each day or portion of a day that the Commercial Operation Date occurs after the Guaranteed Commercial Operation Date for up to a total of [_______] days ("Project Cure Period"). In addition, Seller shall submit a Remedial Action Plan within ten (10) days after the Guaranteed Commercial Operation Date if the Project has not then achieved the Commercial Operation. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to a delay in achieving Commercial Operation on or before the Guaranteed Commercial Operation Date would be difficult or impossible to predict with certainty, (b) the Daily Delay Damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the Daily Delay Damages set forth in this section are the exclusive remedy for Seller’s delay in achieving Commercial Operation by the Guaranteed Commercial Operation Date but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.

(ii) Extensions. The Guaranteed Commercial Operation Date and the deadline dates for Milestone numbers [________] as set forth in Exhibit B shall be extended on a day for day basis for up to ninety (90) calendar days in the aggregate without imposition of any Daily Delay Damages to the extent Seller is actually and demonstrably delayed in its critical path to achieving Commercial Operation by the Guaranteed Commercial Operation Date as a result of Force Majeure.

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

ARTICLE FOUR: COMPENSATION; MONTHLY PAYMENTS

4.1 [For Dispatchable Product Only: Capacity Payment.

(a) Capacity Price.

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Capacity Price ($/KW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(b) **Monthly Capacity Payment.** For each month, Buyer shall pay Seller for the Product the amount calculated as follows (“Monthly Capacity Payment”):

\[ MCP = CC \times CP \times SF \times AAF \]

Where:

- \( MCP \) is the Monthly Capacity Payment expressed in Dollars for such month of the Delivery Period.
- \( CC \) is the Contract Capacity, expressed in kW, rounded to the nearest 100 kW.
- \( CP \) is the Capacity Price expressed in Dollars per kW-year, for the applicable month.
- \( SF \) is the Monthly Shaping Factor for the applicable month, as set forth in the following table:

<table>
<thead>
<tr>
<th>Month</th>
<th>Monthly Shaping Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>6.7</td>
</tr>
<tr>
<td>February</td>
<td>5.0</td>
</tr>
<tr>
<td>March</td>
<td>5.0</td>
</tr>
<tr>
<td>April</td>
<td>5.8</td>
</tr>
<tr>
<td>May</td>
<td>6.3</td>
</tr>
<tr>
<td>June</td>
<td>8.3</td>
</tr>
<tr>
<td>July</td>
<td>15.8</td>
</tr>
<tr>
<td>August</td>
<td>17.5</td>
</tr>
<tr>
<td>September</td>
<td>11.7</td>
</tr>
<tr>
<td>October</td>
<td>5.8</td>
</tr>
<tr>
<td>November</td>
<td>5.8</td>
</tr>
<tr>
<td>December</td>
<td>6.3</td>
</tr>
</tbody>
</table>

- \( AAF \) is the Availability Adjustment Factor for each month, expressed as a three-place decimal and determined as follows:

  (a) If the Equivalent Availability Factor (“EAF”) for the month is less than or equal to 0.980, then the AAF equals EAF / 0.98.

  (b) If the EAF for the month is greater than 0.980 but less than 0.990, then the AAF equals 1.0.
(c) If the EAF for the month is greater than or equal to 0.990, then the AAF equals EAF / 0.99.

EAF is the Equivalent Availability Factor for each month determined as follows:

$$EAF = \frac{PH - (EDH - EEDH)}{PH}$$

Where:

- $PH$ is the number of period hours;
- $EDH$ is the number of equivalent derate hours calculated as the sum, for each derate, of the product of the number of hours of full or partial derate hours times the size of the reduction divided by the Contract Capacity for the month. For the purposes of this calculation, a derate includes all outages for any reason, including without limitation, Forced Outages, Force Majeure events, Dispatch Down Periods, Planned Outages, Buyer’s failure to perform, and other times when any portion of the Contract Capacity is not available or the Delivered Energy of the Project is less than the amount of Energy dispatched by Buyer; and
- $EEDH$ is the number of equivalent excused derate hours solely due to either Dispatch Down Periods or Buyer’s failure to perform (and for no other reason), calculated as the sum, for each excused derate, of the product of the number of hours of full or partial derate hours times the size of the reduction, divided by the Contract Capacity for the month.

4.2 Energy Payment.

(a) Energy Price. The price for each MWh of [When Seller is SC for the Project: Contract Energy] [When SDG&E is SC for the Project: Delivered Energy] in each Contract Year shall be as follows (“Energy Price”):

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Energy Price ($/MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(b) [For TOD Pricing Only: TOD Factors and TOD Periods. In accordance with all other terms of this Article 4, the Energy Price shall be adjusted by the following Time of |
Delivery Factors ("TOD Factors") for each of the specified Time of Delivery Periods listed in the first column ("TOD Periods") in which Energy is delivered:

<table>
<thead>
<tr>
<th>TOD Periods</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 1 – October 31</td>
<td>November 1 – June 30</td>
</tr>
<tr>
<td>On-Peak</td>
<td>Weekdays 11am – 7pm</td>
<td>Weekdays 1pm - 9pm</td>
</tr>
<tr>
<td></td>
<td>TOD Factor = 1.6411</td>
<td>TOD Factor = 1.1916</td>
</tr>
<tr>
<td>Semi-Peak</td>
<td>Weekdays 6am – 11am;</td>
<td>Weekdays 6am – 1pm;</td>
</tr>
<tr>
<td></td>
<td>Weekdays 7pm - 10pm</td>
<td>Weekdays 9pm – 10pm</td>
</tr>
<tr>
<td></td>
<td>TOD Factor = 1.0400</td>
<td>TOD Factor = 1.0790</td>
</tr>
<tr>
<td>Off-Peak*</td>
<td>All other hours</td>
<td>All other hours</td>
</tr>
<tr>
<td></td>
<td>TOD Factor = 0.8833</td>
<td>TOD Factor = 0.7928</td>
</tr>
</tbody>
</table>

*All hours during NERC holidays are off-peak.

(c) Monthly Energy Payment. For each month, Buyer shall pay Seller for the Product an amount equal to the sum for each hour in the month of the product of the Energy Price [For TOD Pricing Only: times the TOD Factor for the applicable TOD Period/ times the [When Seller is SC for the Project: Contract Energy] [When SDG&E is SC for the Project: Delivered Energy] in each hour ("Monthly Energy Payment").

[When Seller is SC for the Project: Monthly Energy Payment = \sum Energy Price x]

[For TOD Pricing Only: TOD Factor x/ Contract Energy]

[When SDG&E is SC for the Project: Monthly Energy Payment = \sum Energy Price x/ For TOD Pricing Only: TOD Factor x/ Delivered Energy]

4.3 Imbalance Energy. Seller shall use commercially reasonable efforts to deliver Energy in accordance with the Scheduled Energy. Buyer and Seller recognize that from time to time the amount of Delivered Energy will deviate from the amount of Scheduled Energy. When Delivered Energy minus Scheduled Energy is a positive amount, it shall be considered "Positive Imbalance Energy;" when Delivered Energy minus Scheduled Energy is a negative amount, the absolute (i.e., positive) value of that amount shall be considered the "Negative Imbalance Energy." [When Seller is SC for the Project: Seller shall be responsible for settlement of Imbalance Energy with the CAISO and all fees, liabilities, assessments, or similar charges assessed by the CAISO in connection with Imbalance Energy. Seller shall also reimburse Buyer for any and all fees, liabilities, assessments, or similar charges assessed by the CAISO, incurred by Buyer as a result of any imbalance in Seller’s scheduling and deliveries from the Project or any other failure by Seller to abide by the CAISO Tariff and all applicable protocols.] Buyer and Seller shall cooperate to minimize charges and imbalances associated with Imbalance Energy to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. [When SDG&E is SC for the Project: Buyer shall receive all Green Attributes for the Positive Imbalance Energy in all settlement intervals regardless as to whether it was sold into the CAISO.]
(a) Positive Imbalance Energy (Over Deliveries). If As-Available Product PIRP Participants only: In the event that Delivered Energy for such month is equal to or greater than Scheduled Energy for such month, Buyer shall have no payment obligation in respect of the Positive Imbalance Energy. Buyer shall receive all Green Attributes for the Positive Imbalance Energy in such month regardless as to whether it was sold into the CAISO. Seller shall be entitled to all payments or credits from the CAISO to Seller’s SC in respect of the Positive Imbalance Energy. If all Non-PIRP Participants: In the event that Delivered Energy for any CAISO settlement interval is equal to or greater than Scheduled Energy for such CAISO settlement interval, Buyer shall have no payment obligation in respect of the Positive Imbalance Energy. Buyer shall receive all Green Attributes for the Positive Imbalance Energy in such CAISO settlement interval regardless as to whether it was sold into the CAISO. Seller shall be entitled to all payments or credits from the CAISO to Seller’s SC in respect of the Positive Imbalance Energy.

(b) Negative Imbalance Energy (Under Deliveries). If As-Available Product PIRP Participants only: In the event that Delivered Energy for such month is less than Scheduled Energy for such month, Buyer shall pay Seller, in addition to the Monthly Energy Payment, an amount equal to the product of (i) the Negative Imbalance Energy for the month, times (ii) the lower of the Energy Price or the Imbalance Price (defined below) for the month. Seller shall make all payments to the CAISO in respect of the Negative Imbalance Energy required under the CAISO Tariff. The “Imbalance Price” shall be the monthly average imbalance price applied by the CAISO and paid by the Seller with respect to imbalance charges for participants in PIRP. If all Non-PIRP Participants: In the event that Delivered Energy for any CAISO settlement interval is less than Scheduled Energy for such CAISO settlement interval, Buyer shall have no payment obligation in respect of the Negative Imbalance Energy. Seller shall make all payments to the CAISO in respect of the Negative Imbalance Energy required under the CAISO Tariff.

(c) For As-Available Product PIRP Participants only: Invoicing for Imbalance Energy. For monthly invoicing, Seller and Buyer agree to use the last available Imbalance Price. Beginning with the first months’ invoice following the month in which the actual Imbalance Price becomes available for the applicable month, there shall be a true-up adjustment in the next monthly invoice for the Imbalance Price payable in respect of the Imbalance Energy for the applicable month.

4.4 Additional Compensation. To the extent not otherwise provided for in this Agreement, in the event that Seller is compensated by a third party for any Product produced by the Project, including, but not limited to, compensation for Resource Adequacy or Green Attributes, Seller shall remit all such compensation directly to Buyer; provided that for avoidance of doubt, nothing herein precludes Seller from retaining credits related to transmission upgrades funded by Seller.

4.5 Energy Sales Prior to Commercial Operation Date. Seller may propose provisions for the sale to Buyer of energy prior to the Commercial Operation Date at a negotiated percentage of the Monthly Energy Payment.
ARTICLE FIVE: EVENTS OF DEFAULT; FORCE MAJEURE

5.1 Events of Default. An “Event of Default” shall mean,

(a) with respect to a Party that is subject to the Event of Default the occurrence of any of the following:

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

(ii) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof;

(iii) the failure by such Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party’s obligations to Schedule, deliver, or receive the Product, the exclusive remedy for which is provided in Section 3.1(h)) and such failure is not remedied within thirty (30) days after Notice thereof;

(iv) such Party becomes Bankrupt;

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

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

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

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

(ii) the failure by Seller to achieve the Commercial Operation Date no later than the end of the Project Cure Period;

(iii) [For Baseload, Peaking, Dispatchable Product: the Contract Capacity at the Commercial Operation Date or at any other time pursuant to a Capacity Test is less than [______] MW and such default is not remedied within thirty (30) days after Notice thereof;]
(iv) **For Baseload, Peaking, As-Available Product:** the failure by Seller to achieve the Guaranteed Energy Production requirement during any Performance Measurement Period as set forth in Section 3.1(e) of this Agreement. **For Dispatchable Product:** the Default Availability Factor of the Project is less than [_______] percent for any rolling twelve (12) consecutive calendar month period;

(v) the failure by Seller to deliver a Remedial Action Plan that reasonably demonstrates in detail how Seller will achieve the Commercial Operation Date within the Project Cure Period, if such failure is not remedied within ten (10) days after Notice;

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

(vii) with respect to any Guaranty provided for the benefit of Buyer, the failure by Seller to provide for the benefit of Buyer either (1) cash, (2) a replacement Guaranty from a different Guarantor meeting the criteria set forth in the definition of Guarantor, or (3) a replacement Letter of Credit from an issuer meeting the criteria set forth in the definition of Letter of Credit, in each case, in the amount required hereunder within five (5) Business Days after Seller receives Notice of the occurrence of any of the following events:

(A) if any representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof;

(B) the failure of the Guarantor to make any payment required or to perform any other material covenant or obligation in any Guaranty;

(C) the Guarantor becomes Bankrupt;

(D) the Guarantor shall fail to meet the criteria for an acceptable Guarantor as set forth in the definition of Guarantor;

(E) the failure of the Guaranty to be in full force and effect (other than in accordance with its terms) prior to the indefeasible satisfaction of all obligations of Seller hereunder; or

(F) the Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any Guaranty; or

(viii) with respect to any outstanding Letter of Credit provided for the benefit of Buyer, the failure by Seller to provide for the benefit of Buyer either (1) cash, or (2) a substitute Letter of Credit from a different issuer meeting the criteria set forth in the definition of Letter of Credit, in each case, in the amount required hereunder within five (5) Business Days after Seller receives Notice of the occurrence of any of the following events:

(A) the issuer of the outstanding Letter of Credit shall fail to maintain a Credit Rating of at least “A-” by S&P or “A3” by Moody’s;
(B) the issuer of such Letter of Credit becomes Bankrupt;

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

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

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

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

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

5.3 Termination Payment. The Termination Payment for a Terminated Transaction shall be the aggregate of all Settlement Amounts plus any or all other amounts due to the Non-Defaulting Party netted into a single amount. Except in the case of a termination of this Agreement by the Non-Defaulting Party solely as a result of an Event of Default by the Defaulting Party under Section 5.1(a)(iv) [Bankruptcy], if the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment shall be zero. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for the Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages; provided, however, that any lost Capacity Attributes, and Green Attributes. Without prejudice to the Non-Defaulting Party’s duty to mitigate, the Non-
Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (a) the actual damages that the Non-Defaulting Party would incur in connection with a Terminated Transaction would be difficult or impossible to predict with certainty, (b) the Termination Payment described in this section is a reasonable and appropriate approximation of such damages, and (c) the Termination Payment described in this section is the exclusive remedy of the Non-Defaulting Party in connection with a Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party’s rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

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

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

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

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

5.8 Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party gives Notice and details of the Force Majeure to the other Party as detailed below, then, the Party impacted by Force Majeure shall be excused from the performance of its obligations to the extent impacted. Within forty-eight (48) hours of commencement of an event of Force Majeure, the non-performing Party shall provide the other Party with oral notice of the event of Force Majeure, and within two (2) weeks of the commencement of an event of Force Majeure the non-performing Party shall provide the other Party with Notice in the form of a letter describing in detail the particulars of the occurrence giving rise to the Force Majeure claim. Seller shall not substitute Product from any other source for the output of the Project during an outage resulting from Force Majeure. The suspension of performance due to a claim of Force Majeure must be of no greater scope and of no longer duration than is required by the Force Majeure. Buyer shall not be required to make any payments for any Product that Seller fails to Schedule, deliver or provide as a result of Force Majeure during the term of a Force Majeure. This Agreement may
be terminated by the non-claiming Party with no further obligation to the Party impacted by Force Majeure if a Force Majeure event prevents the performance of a material portion of the obligations hereunder and such Force Majeure event is not resolved within eight (8) months after the commencement of such Force Majeure event.

**ARTICLE SIX: PAYMENT**

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

6.2 **Disputes and Adjustments of Invoices.** A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice, rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest accrued at the Default Rate from and including the original due date to but excluding the date paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to an invoice is waived if the other Party is not notified in accordance with this Section 6.2 within twelve (12) months after the invoice is rendered or subsequently adjusted, except to the extent any misinformation was from a third party not Affiliated with any Party and such third party corrects its information after the twelve-month period. If an invoice is not rendered within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.
6.3 **Netting of Payments.** The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of Product during the monthly billing period under this Agreement, including any related damages calculated pursuant to Section 3.1(h), interest, and payments or credits, shall be netted so that only the excess amount remaining due shall be paid by the Party who owes it.

**ARTICLE SEVEN: LIMITATIONS**

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

**ARTICLE EIGHT: CREDIT AND COLLATERAL REQUIREMENTS**

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

8.2 Seller Financial Information. Seller shall provide the following financial information:

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

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

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

8.4 Performance Assurance.

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

(i) Development Period Security in the amount of [______________] in the form of cash or a Letter of Credit [or a Guaranty] from the Execution Date of this Agreement until the later of the CP Satisfaction Date and the date Seller posts Construction Period Security pursuant to subpart (ii) below, with Buyer;

(ii) Construction Period Security in the amount of [______________] in the form of cash or a Letter of Credit [or a Guaranty] from the CP Satisfaction Date until the later of the commencement of the Delivery Term and the date Seller posts Delivery Term Security pursuant to subpart (iii) below, with Buyer; and

(iii) Delivery Term Security in the amount of [______________] in the form of cash or a Letter of Credit [or a Guaranty] from the commencement of the Delivery Term until the end of the Delivery Term.

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

(b) Return of Performance Assurance.

(i) Buyer shall promptly return to Seller the unused portion of the Development Period Security after the earlier of (A) the first date on or after the CP Satisfaction Date that Seller has delivered the Construction Period Security, and (B) termination of the Agreement by either Party under Section 2.4(b)(ii).

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

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

8.5 Interest on Cash. If Seller provides Performance Assurance in the form of cash, Buyer shall pay interest on such cash held as Development Period Security, Construction Period Security, or Delivery Term Security, as applicable, at the Interest Rate. On or before each Interest Payment Date, Buyer shall transfer the sum of all accrued and unpaid Interest Amounts due to Seller for such security in the form of cash by wire transfer to the bank account specified under “Wire Transfer” in the Cover Sheet.

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

ARTICLE NINE: GOVERNMENTAL CHARGES

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

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

ARTICLE TEN: REPRESENTATIONS AND WARRANTIES; COVENANTS

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

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

(c) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any applicable Law;

(d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;

(e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;

(f) except as may be set forth in its reports filed with the SEC, there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

(g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

(i) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or the ability to make or take delivery of the Product as provided in this Agreement.

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

10.3 Covenants.
(a) **General Covenants.** Each Party covenants that throughout the Delivery Term:

(i) it shall continue to be duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation;

(ii) it shall maintain (or obtain from time to time as required, including through renewal, as applicable) all Governmental Approvals necessary for it to legally perform its obligations under this Agreement;

(iii) it shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any applicable Law; and

(iv) it shall not dispute its status as a “forward contract merchant” within the meaning of the United States Bankruptcy Code.

(b) **Seller Covenants.**

(i) Seller covenants throughout the Delivery Term that it, or its permitted successors or assigns, have or will have ownership of a fee or long-term leasehold interest in the Project.

(ii) Seller covenants throughout the Delivery Term that it shall maintain market based rate authority from FERC to sell Product to Buyer under the terms of this Agreement.

**ARTICLE ELEVEN: TITLE, RISK OF LOSS, INDEMNITIES**

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

11.2 **Indemnities.**

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

(b) **Indemnity by Buyer.** Buyer shall release, indemnify, defend, and hold harmless Seller, its Affiliates, and its and their directors, officers, employees, agents, and representatives against and from any and all Claims resulting from, or arising out of or in any way connected with (i) any event, circumstance, act, or incident relating to the Product received by Seller under this Agreement after the Delivery Point, (ii) the failure by Buyer to comply with applicable Law, including without limitation the CAISO Tariff, or (iii) any Governmental Charges for which Buyer is responsible hereunder, in all cases including, without limitation, any Claim for or on account of injury, bodily or otherwise, to or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such Claim to the extent caused by the willful misconduct or gross negligence of Seller, its Affiliates, and its and their directors, officers, employees, agents, and representatives.

**ARTICLE TWELVE: DISPUTE RESOLUTION**

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

12.2 **Management Negotiations.**

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

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

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

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

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

(a) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute. The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in [AAA’s Commercial Arbitration Rules] [JAMS Comprehensive][Streamlined] Arbitration Rules and Procedures.

(b) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.

(c) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.

(d) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.

(e) The arbitrator’s award shall be made within nine (9) months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.

(f) Judgment on the award may be entered in any court having jurisdiction.
(g) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.

(h) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.

(i) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.

(j) The existence, content, and results of any Arbitration hereunder is confidential information that is subject to the provisions of Section 13.1.

ARTICLE THIRTEEN: MISCELLANEOUS

13.1 Confidentiality.

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

(b) RPS Confidentiality. Notwithstanding Section 13.1(a) of this Agreement, at any time on or after the date on which the Buyer makes its filing seeking CPUC Approval of this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Term, Project location, Contract Capacity, anticipated Commercial Operation Date, Contract Quantity, and Delivery Point.

(c) Publicity. Except as otherwise agreed to in this Section 13.1 above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof,
shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.

13.2 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld. For purposes hereof, the transfer of at least fifty percent (50%) of the equity ownership or voting interest of Seller (or any parent entity holding directly or indirectly at least fifty percent (50%) of the equity ownership or voting interest of Seller if such interest constitutes more than twenty percent (20%) of the value of such parent entity) shall also constitute an assignment of this Agreement requiring Buyer’s prior written consent. Notwithstanding the foregoing, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers. In connection with any financing or refinancing of the Project by Seller, Buyer shall in good faith negotiate and agree upon a consent to collateral assignment of this Agreement in a form that is commercially reasonable and customary in the industry.

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

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

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

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

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

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

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

(b) If Buyer (i) in its sole discretion determines that the financial statements of the Seller would be considered material to the Buyer or its parent company’s financial statements, financial condition, or internal controls over financial reporting, and (ii) reasonably determines Seller’s internal controls over financial reporting are not operating effectively or have resulted in a control deficiency, Buyer shall provide Notice to Seller. Upon receipt of such Notice, Seller will have thirty (30) days to remediate any deficiency in Seller’s internal controls over financial reporting identified by the Buyer, which Buyer and Buyer’s independent auditor deem to be necessary to ensure Seller’s internal controls over financial reporting are adequate, during or as a result of the audits permitted under Section 13.4(a)(iii) or any other.

(c) As soon as possible, but in no event later than two (2) Business Days following any occurrence that would affect Seller in any material way, Seller shall provide to Buyer a Notice describing such occurrence in sufficient detail to permit the Buyer to file a report on SEC Form 8-K. Such occurrences include all reportable events on the then current Form 8-K that applies to Buyer and its parent company at such time, including but not limited to a material acquisition or disposition of assets, a material direct financial obligation or off-balance sheet financing arrangement, material litigation, and the execution or termination of a material contract.
(d) Any information provided to Buyer shall be treated as confidential except that it may be disclosed in connection with the preparation, review, certification and publication of Buyer’s financial statements.

(e) Seller shall notify Buyer at any time during the term of this Agreement of any services provided or proposed to be provided to Seller by Buyer’s independent auditor. Seller, and any of Seller’s Affiliates, are prohibited from engaging Buyer’s independent auditor for any services or in any consulting agreement without the express written consent of partner in charge of Buyer’s independent audit.

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

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

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

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

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

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

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

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

13.13 Notices. Whenever this Agreement requires or permits delivery of a “Notice” (or requires a Party to “notify”), the Party with such right or obligation shall provide a written communication in the manner specified in herein; provided, however, that notices of Outages or other Scheduling or dispatch information or requests, shall be provided in accordance with the terms set forth in the relevant section of this Agreement. Invoices may be sent by facsimile or e-mail. A Notice sent by facsimile transmission or e-mail will be recognized and shall be deemed received on the Business Day on which such Notice was transmitted if received before 5:00 p.m. (and if received after 5:00 p.m., on the next Business Day) and a Notice of overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party. Each Party shall provide Notice to the other Party of the persons authorized to nominate and/or agree to a Schedule or Dispatch Order for the delivery or acceptance of the Product or make other Notices on behalf of such Party and specify the scope of their individual authority and responsibilities, and may change its designation of such persons from time to time in its sole discretion by providing Notice.

13.14 Mobile Sierra. Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting sua sponte shall be the “public interest” application of the “just and reasonable” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 US 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 US 348 (1956).
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the
date first above written.

[____________________________]                      SAN DIEGO GAS & ELECTRIC COMPANY
a [____________________________]                      a California corporation

By:                          By:

Name:_______________________  Name:_______________________
Title:_______________________  Title:_______________________
Exhibit A

PROJECT DESCRIPTION INCLUDING DESCRIPTION OF SITE

PROJECT DESCRIPTION

Project name ______________________________________________________

Project Site name:  __________________________________________________

Project physical address:  _____________________________________________

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

Technology Type: _________________________________________________

Substation:

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

The nameplate capacity of the Project is ______________.

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

[INSERT MAP]
### Exhibit B

**MILESTONE SCHEDULE**

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td>Submits interconnection application.</td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td>Files any land applications.</td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td>Files a CEC Certification and Verification application.</td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td>Files Governmental Approval application(s) <em>[add details]</em>.</td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td>Receives a completed interconnection feasibility study.</td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td>Receives CEC Certification and Verification.</td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td>Receives a completed interconnection system impact study.</td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td>Obtains control of all lands and rights-of-way comprising the Site.</td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td>Receives a completed interconnection facility study.</td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td>Executes interconnection agreement and/or transmission agreement.</td>
</tr>
<tr>
<td>11.</td>
<td></td>
<td>Receives FERC acceptance of interconnection agreement and transmission agreement(s).</td>
</tr>
<tr>
<td>12.</td>
<td></td>
<td>[Executes long term fuel contract.] [Completes a comprehensive resource assessment.]</td>
</tr>
<tr>
<td>13.</td>
<td></td>
<td>Executes a turbine supply contract.</td>
</tr>
<tr>
<td>15.</td>
<td></td>
<td>Receives all Governmental Approvals <em>[add details]</em>.</td>
</tr>
<tr>
<td>17.</td>
<td></td>
<td>Delivers full NTP under EPC contract and begins construction of the Project.</td>
</tr>
<tr>
<td>18.</td>
<td></td>
<td>Begins startup activities.</td>
</tr>
<tr>
<td>19.</td>
<td></td>
<td>Executes Meter Service Agreement and Participating Generator Agreement.</td>
</tr>
<tr>
<td>20.</td>
<td></td>
<td>Achieves initial operation.</td>
</tr>
<tr>
<td>22.</td>
<td>GCOD</td>
<td>Commercial Operation Date.</td>
</tr>
</tbody>
</table>
Exhibit C

FORM OF LETTER OF CREDIT

[DATE]

To: [Name and Address of Secured Party]

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

Gentlemen:

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

1- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “[name of Account Party] (“Account Party”) is in default under the agreement between Secured Party and Account Party dated _________________ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Secured Party and Account Party, or otherwise). The amount due to Secured Party is US $______________.”

or

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

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Account Party.

- Partial and multiple drawings are permitted.

- Fax of Document 1 or 2 above acceptable.
This Letter of Credit expires on _____________ at our counters.

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

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

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

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

[Name of Bank]

__________________________________
Authorized Signature(s)
Exhibit D

FORM OF GUARANTY

GUARANTY

In consideration of San Diego Gas and Electric Company (“Company”) entering into a power purchase agreement with [NAME OF COUNTERPARTY] (hereinafter referred to as “Applicant”), [NAME OF GUARANTOR], a [TYPE OF LEGAL ENTITY i.e. California corporation], (hereinafter referred to as “Guarantor”) agrees with Company as follows:

1. The term “Obligations” shall mean all obligations, liabilities and indebtedness of any kind whatsoever arising in connection with ________________ or arising in connection with or under any security agreement or other agreement between the Company and Applicant. The amount of Obligations existing from time to time shall be calculated after giving effect to all contractual netting arrangements between Applicant and the Company.

2. Guarantor unconditionally and irrevocably guarantees to Company the full, prompt and faithful payment and performance when due of each and all of the Obligations.

3. This is a continuing guaranty relating to the Obligations. Guarantor acknowledges that there is a continuing consideration to Guarantor for this Guaranty and therefore Guarantor waives and relinquishes the right to revoke or terminate this Guaranty as provided in California Civil Code Section 2815.

4. Any of the Obligations may be amended, modified, waived, or increased (whether or not beyond any dollar limitation hereunder), further agreements may be entered into between Company and Applicant, Company may provide additional goods or services or credit to Applicant or increase or decrease the dollar value of such goods, services or credit, and further obligations (including, without limitation, the provision or pledging of security to Company for any obligation), indebtedness and liabilities may be entered into or incurred from time to time by Applicant and without further authorization from or notice to Guarantor and no such action shall terminate, release, impair, reduce, discharge, diminish or in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse or defense against Company. Company need not inquire into the power of Applicant or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf.

5. With respect to all Obligations, this is a guaranty of payment and performance and not of collection, and Guarantor waives and agrees not to assert or take advantage of:

   (a) any right to require Company to proceed against Applicant or any other person or to resort to, proceed against or exhaust any security held by it at any time or to pursue any other remedy in its power before proceeding against any Guarantor;

   (b) demand, presentment, protest and notice of any kind including, without limiting the generality of the foregoing, notice of nonperformance, protest, dishonor and acceptance of this Guaranty, notice under Section 9611 of the California Commercial Code, and
notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Applicant, Company, a guarantor under this or any other instrument, or creditor of Applicant or any other person whomsoever, in connection with any of the Obligations or any collateral for any of the Obligations or in connection with any of the Obligations; and

(c) any suretyship defenses and suretyship rights of every nature otherwise available under California law and the laws of any other state or jurisdiction, including, without limitation, all defenses and rights arising under Sections 2787 through 2855 of the California Civil Code (the “Suretyship Provisions”) and any successor provisions to those Sections. Without limiting the generality of the foregoing, Guarantor acknowledges his, her or its understanding that the Suretyship Provisions provide various partial or complete defenses to the recovery by Company from Guarantor and/or grant Guarantor rights the enforcement of which could reduce or eliminate entirely Guarantor’s liability hereunder to Company. Among the defenses and rights contained in the Suretyship Provisions are the following: (1) Section 2809 of the Civil Code, which provides, in part, that the obligation of a surety must not be either larger in amount or in other respects more burdensome than that of the principal; (2) Section 2810 of the Civil Code, which provides, in part, that a surety is not liable if for any reason other than the mere personal disability of the principal there is no liability upon the part of the principal at the time of execution of the contract, or the liability of the principal thereafter ceases; (3) Section 2819 of the Civil Code, which provides, in part, that a surety is exonerated if the creditor alters the original obligation of the principal without the consent of the surety; (4) Section 2845 of the Civil Code, which provides, in part, that a surety is exonerated to the extent that the creditor fails to proceed against the principal, or to pursue any other remedy in the creditor’s power which the surety cannot pursue and which would lighten the surety’s burden; (5) Section 2846 of the Civil Code, which provides that a surety may compel his principal to perform the obligation when due; (6) Section 2847 of the Civil Code, which provides, in part, that if a surety satisfies the principal obligation, or any part thereof, the principal is obligated to reimburse the surety for the amounts paid by the surety; (7) Section 2848 of the Civil Code, which provides, in part, that a surety, upon satisfaction of the obligation of the principal is entitled to enforce remedies which the creditor then has against the principal; (8) Section 2849 of the Civil Code, which provides, in part, that a surety is entitled to the benefit of security held by the creditor for the performance of the principal obligation held by the creditor; (9) Section 2850 of the Civil Code, which provides, in part, that whenever the property of a surety is hypothecated with property of the principal, the surety is entitled to have the property of the principal first applied to the discharge of the obligation; and (10) Section 2822 of the Civil Code, which provides, in part, for a right to have the principal designate the portion of any obligation to be satisfied by the surety in the event that the principal provides partial satisfaction of such obligation.

6. All existing and future indebtedness of Applicant to Guarantor (“Intercompany Obligations”) is subordinated to all Obligations hereby guaranteed. All of Guarantor’s right, title and interest in and to the Intercompany Obligations and rights to receive any payments of the Intercompany Obligations are hereby granted and assigned to Company as continuing security for the Obligations hereby guaranteed, and, in the event of any default in the payment of any of the Obligations when due and until the Obligations guaranteed hereby have been paid in full (a) at the Company’s request, Applicant shall forthwith pay to the Company all or any part of such Intercompany Obligations and any capital which Guarantor is entitled to withdraw until all of the
Obligations guaranteed hereby have been paid in full, and (b) Guarantor shall pay to Company immediately any payments of such Intercompany Obligations received by Guarantor.

7. Guarantor agrees to pay all attorneys’ fees (including without limitation, reasonably allocated fees of in-house counsel) and all other costs and expenses which may be incurred by Company in the enforcement of this Guaranty against Guarantor.

8. This Guaranty is not assignable by Guarantor without Company’s consent. This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and permitted (if any) assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California, without reference to its choice of law provisions. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor’s property with respect to this Guaranty may be brought in the courts of the State of California in the County of San Diego or the courts of the United States in the County of San Diego, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts. Guarantor hereby irrevocably appoints the Secretary of State of the State of California as his, her or its agent for service of process in any suit or proceeding if the Guarantor is located outside the State of California at the time of service or cannot reasonably be located by Company. The foregoing, however, shall not limit the right of Company as it may elect to bring any legal action or proceeding or to obtain execution of judgment in any other appropriate jurisdiction including but not limited to any other jurisdiction in which Guarantor or his, her or its property is located.

10. Except as provided in any other written agreement now or at any time hereafter in force between Company and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Company unless expressed herein.

11. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and shall be given personally, by certified or registered mail, postage prepaid, return receipt requested, or by reliable overnight courier to the address of the Company set forth below (or to such new address as Company may designate hereafter in a notice to Guarantor) in the case of a communication to the Company and to the address appearing next to Guarantor’s signature on this Guaranty (or to such new address as Guarantor may designate hereafter in a notice to Company) in the case of a communication to Guarantor. Any notice served personally shall be deemed delivered upon receipt, and any notice served by certified or registered mail or by reliable overnight courier shall be deemed delivered on the date
of receipt as shown on the addressee’s registry or certification of receipt or on the date receipt is refused as shown on the records or manifest of the U.S. Postal Service or such courier.

San Diego Gas and Electric Company
555 W. Fifth Street
Attn: Major Markets 10E3, Credit Manager
Los Angeles, CA  90013
Fax No.: (213) 244-8316

12. Until all of the Obligations guaranteed hereby have been satisfied in full, Guarantor shall have no right of subrogation or reimbursement from the Applicant which Guarantor may have as a result of any payment by Guarantor under this Guaranty, and waives any right to enforce any remedy which Company now has or may hereafter have against the Applicant as a result of such payment by Guarantor under this Guaranty and waives any right under section 2849 of the California Civil Code and any other benefit of or right to participate in any security now or hereafter held by Company.

13. All amounts payable by Guarantor hereunder shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever unless and to the extent that Guarantor shall be prohibited by law from doing so, in which case Guarantor shall pay to Company such additional amount as shall be necessary to ensure that Company receives the full amount it would have received if no such deduction or withholding had been made.

14. If any portion of this Guaranty is held to be unenforceable by a court of competent jurisdiction, the remainder of this Guaranty shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty on [MONTH AND DAY], [YEAR].

GUARANTOR:
[NAME OF GUARANTOR]

________________________________________
Signature

________________________________________
Title

________________________________________
Printed Name of Person Signing for Guarantor
Guarantor’s Address

City, State, Zip

Guarantor’s Phone No.
Exhibit E

COMMERCIAL OPERATION CERTIFICATE

The undersigned, ___________ (“EPC Contractor”), ___________ (“[_______] Supplier”), ___________ (“Licensed Professional Engineer”) and [______________] (“Owner”) make the following certifications to San Diego Gas & Electric Company (“SDG&E”), dated as of ________________. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Power Purchase Agreement dated __________ between Owner and SDG&E (the “Agreement”).

[Major Generation Equipment] Supplier hereby certifies that:

1. The [___________] comprising the Project have been erected and installed at the project site and have been commissioned as required under the Supply and Installation Agreement (“[________] Supply Agreement”) dated as of ______________, by and between [________] Supplier and Owner and each such [___________] has passed the performance testing required to be performed pursuant to the [_________] Supply Agreement.

2. The Warranty Period under the Warranty Agreement (“Warranty Agreement”) dated as of ______________, by and between [________] Supplier and Owner has commenced.

EPC Contractor hereby certifies that:

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

Owner hereby certifies that:

1. Except for punch list items that would not materially affect the performance, reliability or safe operation of the Project, the Project has been completed in accordance with all applicable specifications and is ready for continuous commercial operation in compliance with all applicable laws and governmental approvals. The Project has successfully passed all performance tests at a level that demonstrates satisfaction of at least the [insert minimum performance guarantees], and complete test reports have been submitted to Buyer.

2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner and ________________ dated as of ________________ has commenced.
3. Owner has a valid leasehold or real property interest in the Project Site for a term of at least [___] years from the Commercial Operation date.

4. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Project to be received at the Delivery Point.

5. Owner has obtained all governmental approvals necessary for the continuous commercial operation of the Project and the Project is in compliance with all such governmental approvals and all other applicable laws.

Licensed Professional Engineer certifies that:

1. We have read the Agreement, the [___________] Supply Contract, and the EPC Contract and we understand the requirements for Commercial Operation under the Agreement, the specifications and performance testing requirements under the [___________] Supply Contract, and the requirements for [Commercial Operation/Substantial Completion] under the EPC Contract.

2. We have reviewed the material and data made available to us by the Owner, the [___________] Supplier, and the EPC Contractor for the Project.

3. To the extent practical, we have reviewed the engineering, procurement, construction and performance testing for the Project and in the course of this review we have not discovered any material errors or omissions in the work performed to date.

4. We have reviewed the certificates of Owner, [___________] Supplier, and EPC Contractor above, and find the representations provided to be correct in all material respects.

5. We have reviewed all Governmental Approvals and permits identified by the Owner as being required for the construction and operation of the Project and are of the opinion that the Project as completed is in compliance in all material respects with the environmental and technical requirements contained therein.

6. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of the opinion that, as of, Commercial Operation has occurred as defined in the Agreement.
Executed this ___ day of ___, 200_

[_________] SUPPLIER
[Name of [_________] Supplier]
a [_________] corporation

By: ______________________
   Name: __________________
   Title: __________________

EPC CONTRACTOR
[Name of EPC Contractor]
a [_________] corporation

By: ______________________
   Name: __________________
   Title: __________________

OWNER
[Name of Owner]
a [_____] limited liability company

By: ______________________
   Name: __________________
   Title: __________________

LICENSED PROFESSIONAL ENGINEER:
[Name of Licensed Professional Engineer]
a [__________]

By: ______________________
   Name: __________________
   Title: __________________

ACCEPTED BY SAN DIEGO GAS & ELECTRIC COMPANY

By: ______________________
   Name: __________________
   Title: __________________
   Date: ____________________
Quarterly Progress Report

of

[______________]

(“Seller”)

provided to
San Diego Gas & Electric Company

[Date]
Table of Contents

[Insert Table of Contents]
1.0 Instructions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.1 State and/or federal Governmental Approvals.

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

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>STATUS</th>
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3.2 Local and/or county Governmental Approvals.

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

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
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</table>

3.3 Permitting activities which occurred during the previous calendar quarter.

Please list all permitting activities which occurred during the previous calendar quarter.
3.4 Permitting activities occurring during the current calendar quarter.

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

3.5 Permitting Notices received from EPC Contractor.

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

4.0 Design Activities.

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

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

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>CONTRACTOR/ SUBCONTRACTOR</th>
<th>SCHEDULED COMPLETION DATE</th>
<th>ACTUAL COMPLETION DATE</th>
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</tbody>
</table>

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>CONTRACTOR/ SUBCONTRACTOR</th>
<th>SCHEDULED COMPLETION DATE</th>
<th>ACTUAL COMPLETION DATE</th>
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</table>

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

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

5.3 Engineering activities completed during the previous calendar month.

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

5.4 Three-month look-ahead engineering schedule.

Please provide a three-month look ahead engineering schedule.

6.0 Major Equipment Procurement.

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

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

<table>
<thead>
<tr>
<th>EQUIPMENT DESCRIPTION</th>
<th>MANUFACTURER</th>
<th>MODEL</th>
<th>CONTRACTED DELIVERY DATE</th>
<th>ACTUAL DELIVERY DATE</th>
<th>PROJECTED INSTALLATION DATE</th>
<th>ACTUAL INSTALLATION DATE</th>
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</thead>
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</tbody>
</table>
6.2 Major Equipment procurement activities to be performed during the current calendar quarter.

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

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

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

7.0 Construction Activities.

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

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

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>CONTRACTOR/SUBCONTRACTOR</th>
<th>SCHEDULED COMPLETION DATE</th>
<th>ACTUAL COMPLETION DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Progress</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Structural Progress</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>[Steam] Generator Progress</td>
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<tr>
<td>Piping Progress</td>
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<tr>
<td>IC and Electrical Progress</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Subcontractor Progress</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

7.4 EPC Contractor Monthly Progress Report.

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

7.5 Three-month look-ahead construction schedule.

Please provide a three-month look ahead construction schedule.

8.0 Milestones.

8.1 Milestone schedule.

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

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

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

8.2.1 Missed Milestone
8.2.2 Plans to achieve missed Milestone
8.2.3 Plans to achieve subsequent Milestone
8.2.4 Delays in engineering schedule

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

8.2.5 Delays in Major Equipment procurement

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

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

9.0 Safety and Health Reports

9.1 Please list all accidents from the previous calendar quarter:

9.2 Any work stoppage from the previous calendar quarter:

9.3 Work stoppage impact on construction of the Project:

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

By: __________________________

Name: __________________________

Title: ___________________________

Date: ___________________________
# RPS Project Development Status Report

## Project Name
### Date

<table>
<thead>
<tr>
<th>Date of Latest Construction Progress Report from Counterparty:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Owner/Counterparty:</td>
</tr>
<tr>
<td>Technology:</td>
</tr>
<tr>
<td>Capacity (MW):</td>
</tr>
<tr>
<td>On-Line Date:</td>
</tr>
<tr>
<td>Construction Start Date:</td>
</tr>
<tr>
<td>Location:</td>
</tr>
</tbody>
</table>

## Status At-A-Glance

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

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Status</th>
<th>Initial Completion Date</th>
<th>Projected Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel/Resource Supply:</td>
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<tr>
<td>Financing:</td>
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<tr>
<td>Corporate Financing</td>
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<tr>
<td>Project Financing</td>
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<tr>
<td>Site Control (100%):</td>
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<td>Permitting:</td>
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<tr>
<td>Engineering:</td>
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<td>Major Equipment Procurement:</td>
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<td>Construction:</td>
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<td>Startup Testing and Commissioning:</td>
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<tr>
<td>Transmission:</td>
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</table>

## Transmission - Detail (see Section C)

- Dependent Transmission Upgrade(s):
- Scheduled Completion:
- Point of Interconnection:
- Early Interconnection:
- Gen-Tie Length:
- Gen-Tie Voltage:
- ISO Queue Position:
- Feasibility Study (FS):
- System Impact Study (SIS):
- Facilities Study (FAS):

## Remedial Action Plan:

## Additional Comments:

## Date of Preparation:
OUTAGE NOTIFICATION FORM

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

<table>
<thead>
<tr>
<th>Request Type:</th>
<th>Previous Notification (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Scheduled Maintenance Outage</td>
<td>Date Sent: mm/dd/yyyy</td>
</tr>
<tr>
<td></td>
<td>Time Sent: hh:mm</td>
</tr>
</tbody>
</table>

Generator Name: __________________________ Location Code: __________________________
Address: __________________________
Current Time: __________________________

Contact Name: __________________________ Phone Number: __________________________
Email: __________________________
Outage Start Date: mm/dd/yyyy
Outage Start Time: hh:mm
Outage End Date: mm/dd/yyyy
Outage End Time: hh:mm
Outage Duration: __________________________

MW Available During Outage: __________________________
MW Unavailable During Outage: __________________________
RMR Unit? Yes/No

System (Select One)

- Boiler
  Codes 0010-1999
- Balance of Plant
  Codes 3110-3999
- Steam Turbine
  Codes 4000-4499
- Generator
  Codes 4500-4899
- Pollution Control Equipment
  Codes 8000-8835
- Regulatory, Safety, Environmental
  Codes 9504-9720
- Others
  Codes 9900-9999
- External
  Codes 9000-9040
- Others
  Codes 9900-9999

Cause Code Ranges / Affected Component

(Select One)

Cause Code / Component Problem

(Select One)

Comments

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
2010 RPS PROCUREMENT PLAN

FEED-IN TARIFF
This Renewable Power Purchase and Interconnection Agreement ("Agreement") is entered into by and between:

Producer’s Name ("Producer"), a Public Water or Wastewater Agency, and
San Diego Gas & Electric Company ("SDG&E"), a California corporation.

Producer and SDG&E are sometimes also referred to in this Agreement jointly as “Parties” or individually as “Party.” All capitalized terms not defined herein shall have the meanings ascribed to them in Section 14.5.

1. RECITALS.

1.1 This Agreement provides for Producer to Interconnect and Operate a Generating Facility in parallel with SDG&E’s Distribution System. This Agreement requires Producer to be a retail customer and to obtain retail electric service from SDG&E to serve all the electrical loads, except as otherwise permitted under SDG&E’s tariffs, at the Premises identified in Section 2.3. This Agreement also provides for Producer to sell energy, net of Station Use, produced by the Generating Facility directly to SDG&E provided the Generating Facility satisfies the Eligible Renewable Resource Facility Requirements and the California Renewables Portfolio Standard requirements as set forth in Appendix C and the Qualifying Facility Requirements set forth in Appendix D. This Agreement does not constitute an agreement by SDG&E to provide retail electrical service to Producer. Such arrangements must be made separately between SDG&E and Producer.

1.2 In consideration of the mutual promises and obligations stated in this Agreement and its attachments, the Parties agree as follows:

2. SUMMARY AND DESCRIPTION OF GENERATING FACILITY

2.1 A description of the Generating Facility, including a summary of its significant components, a drawing showing the general arrangement of the Producer’s Generating Facility, and a single-line diagram illustrating the Interconnection of the Generating Facility and loads with SDG&E’s Distribution System, is attached hereto and incorporated herein as Appendix A.

2.2 Generating Facility identification (ID) number: _________ (Assigned by SDG&E)

2.3 Name and address used by SDG&E to locate the electric Service Account(s) and Premises used to Interconnect the Generating Facility with SDG&E’s Distribution System:

<table>
<thead>
<tr>
<th>Service Account</th>
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<tbody>
<tr>
<td>Address 1</td>
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<tr>
<td>Address 2</td>
</tr>
<tr>
<td>Address 3</td>
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<tr>
<td>Address 4</td>
</tr>
</tbody>
</table>

2.4 The Gross Nameplate Rating of the Generating Facility is: _________kW

2.5 The Net Nameplate Rating of the Generating Facility is: _________kW

(Total kW may not exceed 1,500 kW)

Producer shall not modify the Generating Facility without the prior written consent of SDG&E.
2.6 The maximum (instantaneous) level of power that may be exported by the Generating Facility to SDG&E’s Distribution System is expected to be: _______ kW

2.7 The annual energy production of the Generating Facility is expected to be: _____ kWh

2.8 The annual energy exported through the Point of Common Coupling from the Producer’s Premises is expected to be ______ kWh.

2.9 The Generating Facility’s expected date of Initial Operation is _______________. The actual date of Initial Operation shall be as stated in the Initial Operation Date Confirmation Letter, the form of which is attached hereto as Appendix I.

2.10 Producer hereby represents and warrants as of the actual Initial Delivery date as stated in Appendix I and throughout the Term that the Generating Facility and the electric energy purchased by SDG&E:
   (a) Does meet with the requirements for “Eligible Renewable Resource” as such term is used in Section 399.11 et seq. of the California Public Utilities Code;
   (b) Does meet with the requirements California Renewable Portfolio Standard;
   (c) Has not obtained additional compensation or other benefits pursuant to the Self-Generation Incentive Program, as defined in CPUC Decision 01-03-073, the California Solar Initiative, as defined in CPUC Decision 06-01-024, SDG&E’s net metering tariff, or other California ratepayer programs with respect to the Generating Facility; and

3. DOCUMENTS INCLUDED; DEFINED TERMS

This Agreement includes the following exhibits, which are specifically incorporated herein and made a part of this Agreement.

Appendix A - Description of Generating Facility and Single-Line Diagram (Supplied by Producer)

Appendix B - A copy of Special Facilities Agreement, if applicable (Supplied by SDG&E)

Appendix C - Producer’s warranty that the Generating Facility meets with the requirements for “Eligible Renewable Resource” as defined in Section 399.11 et seq. of the California Public Utilities Code and the output meets with the requirements of the California Renewable Portfolio Standard.

Appendix D - Producer’s warranty that the Generating Facility, prior to January 1, 2002, met and continues to meet with the requirements for a small power producer Qualifying Facility pursuant to the regulations of the Federal Energy Regulatory Commission (18 Code of Federal Regulations Part 292, Section 292.203 et
term and termination

4.1 This Agreement shall become effective on the Effective Date. The Agreement shall continue in full force and effect until the earliest date that one of the following events occurs:

(a) A termination date agreed to in writing by the Parties.

(b) Unless otherwise agreed in writing by the Parties, at 12:01 A.M. on the day following the date the electric Service Account through which Producer’s Generating Facility is interconnected to SDG&E’s Distribution System is closed or terminated.

(c) At 12:01 A.M. on the day following the completion of: (check one)

☐ 10 / ☐ 15 / ☐ 20 Term Years from actual Initial Operation stated in Appendix I.

4.2 SDG&E may elect to terminate this Agreement at 12:01 A.M. on the 61st day after SDG&E provides written Notice pursuant to Section 10 of this Agreement to the Producer of SDG&E’s intent to terminate this Agreement for one or more of the following reasons:

(a) A change in applicable Tariffs as approved or directed by the Commission or a change in any local, state or federal law, statute or regulation, any of which materially alters or otherwise materially affects SDG&E’s ability or obligation to perform SDG&E’s duties under this Agreement;

(b) Producer fails to remain a Public Water or Wastewater Agency;

(c) Producer fails to take all corrective actions specified in any SDG&E Notice, within the time frame set forth in such Notice, that Producer’s Generating Facility is out of compliance with the terms of this Agreement;

(d) Producer fails to Interconnect and Operate the Generating Facility, in accordance with the terms and conditions set forth in this Agreement, on or before eighteen (18) months after the Effective Date if the Parties are unable to reach agreement as to a reasonable amendment to this Agreement after cooperating to do so;

(e) Producer abandons the Generating Facility. SDG&E shall deem the Generating Facility to be abandoned if SDG&E provides a Notice to Producer advising Producer of SDG&E’s determination, in its reasonable discretion, that the Generating Facility is non-operational and Producer does not provide a substantive response to such Notice affirming Producer’s intent and ability to continue to Operate the Generating Facility within 15 days of such Notice; or
(f) Producer has not sold or delivered energy from the Generating Facility for any twelve (12) consecutive months of the Term.

4.3 Any agreements attached hereto and incorporated herein shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

5. GENERATING FACILITY OPERATION

5.1 Producer is responsible for Operating the Generating Facility in compliance with all of SDG&E Tariffs, including but not limited to Rule 21, and any other regulations and laws governing the Interconnection of the Generating Facility.

5.2 The Generating Facility Net Nameplate Rating shall be less than or equal to 1,500 kW.

5.3 Producer shall not deliver reactive power to SDG&E’s Distribution System unless the Parties have otherwise agreed in writing.

5.4 The Generating Facility shall be operated with all of Producer's Protective Functions in service and in accordance with Prudent Electrical Practices whenever the Generating Facility is operated in parallel with SDG&E’s Distribution System. Any deviation from these requirements may occur only when the Parties have agreed to such deviations in writing.

5.5 For a Generating Facility having a Net Nameplate Rating equal to or greater than 500 kW, the Parties shall comply with the forecasting provisions of Appendix E.

5.6 SDG&E shall have ingress and egress rights to examine the Site and Generating Facility for purposes connected with this Agreement.

6. BILLING AND PAYMENT

6.1 The amount of energy purchased under this Agreement shall be determined by electrical meters and equipment owned, Operated, and maintained by SDG&E.

6.2 The Product Price during the Term, as set forth in Appendix H, shall equal the Market Price Referent (“MPR”) as determined on or before the Effective Date by the Commission applicable to the calendar year that the Generating Facility achieves Initial Operation.

6.3 Producer agrees to sell the electric energy produced by the Generating Facility as specified below together with all Green Attributes, Capacity Attributes and Resource Adequacy Benefits (collectively, the “Attributes”) associated with the energy sold to SDG&E:

   1. Option A (Full Buy/Sell) Producer agrees to sell all of the electrical energy produced from the Generating Facility, net of Station Use, as measured by the Net Generation Output Meter as shown in Appendix A.

   2. Option B (Sale of Excess) Producer agrees to sell all of the energy produced, net of Station Use, in excess of the Producer’s load at the Service Account(s) listed in Section 2.2 as such excess is measured by SDG&E at the Point of Common Coupling.
6.4 SDG&E shall pay Producer for all Attributes and electrical energy (as specified as Option A or Option B above) at the Product Price during the Term (and not prior to the actual Initial Operation date) generated by the Generating Facility as defined in SDG&E’s Rule 21 and located as shown on the Single-Line Diagram of Appendix A.

6.5 For the purpose of calculating monthly payments, the amount measured shall be time-differentiated according to the time period and season of the receipt of Product by SDG&E (the “TOD Periods”) and the pricing shall be weighted by the Factors set forth in Appendix G.

As set forth in Appendix G, TOD Periods for the winter and summer season shall be on-peak, semi-peak and off-peak.

The monthly payment shall equal the sum of the monthly TOD Period payments for all TOD Periods in the month. Each monthly TOD Period payment shall be calculated pursuant to the following formula, where “n” is the TOD Period being calculated:

\[
\text{TOD PERIOD}_n \text{ PAYMENT} = A \times B \times C
\]

Where:

\[
A = \text{Product Price specified in Appendix H in $/kWh.}
\]
\[
B = \text{TOD Factor, set forth in Appendix G, for the TOD Period being calculated.}
\]
\[
C = \text{The sum of energy measured in accordance with Option A or Option B in all hours for the TOD Period being calculated in kWh.}
\]

6.6 For Option A only, Producer shall continue to purchase from SDG&E all energy used by Producer at the applicable SDG&E retail tariff rate schedule(s). SDG&E shall adjust the energy and demand amounts recorded by the SDG&E billing meter at the Point of Common Coupling, as defined in SDG&E’s Rule 21 to include the net generation output amounts measured by the Net Generation Output Meter for purposes of billing the Producer.

6.7 SDG&E shall determine the amount of energy received by SDG&E pursuant to this Agreement for each monthly period and provide a statement to Producer approximately thirty (30) days after each monthly meter reading date.

6.8 SDG&E shall not be obligated to issue a payment to Producer until the amount due for the Product received pursuant to this Agreement exceeds one thousand dollars ($1000), except that SDG&E shall pay all amounts due to Producer pursuant to this Agreement at least once per calendar year no later than 30 days after the end of the calendar year.

6.9 Unless otherwise agreed in writing by the Parties, any payment due for Product received under this Agreement shall be satisfied by SDG&E issuing a check to Producer. Alternatively, SDG&E reserves the right, but shall not be obligated to apply any amount owed to Producer toward any amounts due to SDG&E from Producer for any charges incurred under this Agreement or for past due bills for electric service or for SDG&E services.

6.10 In the event adjustments to SDG&E’s payments are required as a result of inaccurate metering equipment, SDG&E shall determine the correct amount of energy received under this Agreement during the period of inaccuracy and recompute the amount due to or from Producer. Any refund due and payable to
6.10 (Continued)
SDG&E or due by SDG&E to Producer resulting from inaccurate metering shall be made within thirty (30) calendar days of SDG&E’s Notice to Producer by SDG&E of the amount due.

6.11 All charges, if any, associated with Interconnection Facilities shall be billed and paid pursuant to the applicable Special Facilities Agreement in Appendix B and all charges, if any, associated with electric service provided by SDG&E shall be billed and paid pursuant to the applicable Tariffs filed by SDG&E with the Commission.

7. INTERCONNECTION FACILITIES

7.1 Producer and/or SDG&E, as appropriate, shall provide Interconnection Facilities that adequately protect SDG&E’s Distribution System, personnel, and other persons from damage or injury, which may be caused by the Operation of Producer’s Generating Facility.

7.2 Producer shall be solely responsible for the costs, design, purchase, construction, operation, and maintenance of the Interconnection Facilities that Producer owns.

7.3 If the provisions of SDG&E’s Rule 21, or any other Tariff approved by the Commission, require SDG&E to own and operate a portion of the Interconnection Facilities, Producer and SDG&E shall promptly execute a Special Facilities Agreement that establishes and allocates responsibility for the design, installation, operation, maintenance, and ownership of the Interconnection Facilities. The Special Facilities Agreement shall be attached to and made a part of this Agreement as Appendix B.

8. LIMITATION OF LIABILITY

Each Party’s liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever.

Notwithstanding the foregoing, as between SDG&E and Producer, Producer shall be solely responsible for and Producer shall indemnify, defend and hold SDG&E, and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns harmless from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, cost or expenses including without limitation, reasonable attorneys fees (including fees and disbursements of in-house and outside counsel) of any kind whatsoever resulting from (a) injuries to or death of any and all individuals, including, without limitation, members of the general public, or any employee, agent, independent contractor or consultant or affiliate of either SDG&E or Producer, arising out of or connected in any manner with Producer’s performance hereunder, or (b) damage to and/or destruction of property of SDG&E or Producer arising out of or connected in any manner with Producer’s performance hereunder, or (c) third party claims of any kind, whether based on negligence, strict liability, or otherwise, arising out of or connected in any manner to Producer’s or any of its subcontractors acts or omissions in breach of this Agreement. This indemnification obligation shall not apply to the extent that injuries, death, loss, damage or destruction is caused by either the willful misconduct by SDG&E or SDG&E’s sole negligence.
9. INSURANCE

9.1 In connection with Producer's performance of its duties and obligations under this Agreement, Producer shall maintain, during the term of this Agreement, general liability insurance with a combined single limit of not less than:

(a) Two million dollars ($2,000,000) for each occurrence if the Gross Nameplate Rating of Producer’s Generating Facility is greater than one hundred (100) kW;

(b) One million dollars ($1,000,000) for each occurrence if the Gross Nameplate Rating of Producer’s Generating Facility is greater than twenty (20) kW and less than or equal to one hundred (100) kW; and

(c) Five hundred thousand dollars ($500,000) for each occurrence if the Gross Nameplate Rating of Producer’s Generating Facility is twenty (20) kW or less.

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

9.2 The general liability insurance required in Section 9.1 shall, by endorsement to the policy or policies, (a) include SDG&E as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that SDG&E shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days’ written notice to SDG&E prior to cancellation, termination, alteration, or material change of such insurance.

9.3 Evidence of the insurance required in Section 9.2 shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by SDG&E.

9.4 Producer agrees to furnish the required certificates and endorsements to SDG&E prior to actual Initial Operation. SDG&E shall have the right to inspect or obtain a copy of the original policy or policies of insurance.

9.5 If Producer is self-insured with an established record of self-insurance, Producer may comply with the following in lieu of Sections 9.1 through 9.3:

(a) Producer shall provide to SDG&E, at least thirty (30) calendar days prior to the date of actual Initial Operation, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under Section 9.1.

(b) If Producer ceases to self-insure to the level required hereunder, or if Producer is unable to provide continuing evidence of Producer’s ability to self-insure, Producer agrees to immediately obtain the coverage required under Section 9.1.

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

10.1 Any written notice, demand, or request required or authorized in connection with this Agreement ("Notice") shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:

If to SDG&E: San Diego Gas & Electric Company
Attention: Director, Procurement and Portfolio Design
Address: 8315 Century Park Court, CP21D
City: San Diego, CA 92123
Phone: (800) 411-SDGE
FAX: 858-650-6191

If to Producer: Producer Name: ______________
Address: __________________
City: __________________
Phone: ( ) ________
FAX: ( ) ________

10.2 A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 10.1.

10.3 All Notices must reference the Generating Facility identification number set forth in Section 2.2.

10.4 Notices (other than forecasts and schedules) shall, unless otherwise specified herein, be in writing and may be delivered in person, United States mail or overnight courier service.

10.5 Notice by hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day, unless a different date for the Notice to go into effect is stated in another section of this Agreement.

10.6 Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent.

10.7 The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers may be communicated or revised by Notice provided in accordance herewith.

11. REVIEW OF RECORDS AND DATA

11.1 SDG&E shall have the right to review and obtain copies of Producer’s operations and maintenance records, logs, or other information such as, but not limited to, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Producer’s Generating Facility or its Interconnection with SDG&E’s Distribution System.
11.2 Producer authorizes SDG&E to release to the CEC and/or the Commission information regarding the Generating Facility, including the Producer’s name and location, and the size, location and operational characteristics of the Generating Facility, the Term, the ERR type, the actual Initial Operation Date, estimated annual deliveries, delivery point, and the Net Nameplate Rating of the Generating Facility, as requested from time to time pursuant to the CEC’s or Commission’s rules and regulations.

12. ASSIGNMENT
Producer shall not voluntarily assign its rights nor delegate its duties under this Agreement without SDG&E’s prior written consent. Any assignment or delegation Producer makes without SDG&E’s written consent shall not be valid. SDG&E shall not unreasonably withhold its consent to Producer’s assignment of this Agreement.

13. NON-WAIVER
None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

14. GOVERNING LAW, WAIVER OF JURY TRIAL, JURISDICTION OF COMMISSION, INCLUSION OF SDG&E’s TARIFF RATE SCHEDULES, DEFINED TERMS
14.1 This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California without giving effect to choice of law provisions that might apply to the law of a different jurisdiction. To the extent enforceable at such time, each Party hereby waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement.

14.2 This Agreement shall, at all times, be subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

14.3 The Interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the Tariffs applicable to the electric service provided by SDG&E, which tariffs are incorporated by reference into this Agreement.

14.4 Notwithstanding any other provisions of this Agreement, SDG&E shall have the right to unilaterally file with the Commission an application for change in rates, charges, classification, service, Tariffs or any agreement relating thereto; pursuant to the Commission’s rules and regulations.

14.5 When initially capitalized, whether in the singular or in the plural, the terms used herein shall have the meanings assigned to them either in this Agreement, Appendix F; in SDG&E’s Rule 1 or Rule 21, Section H; or SDG&E’s Schedule WATER. If any term is defined in both Rule 1 and Rule 21, the definition in Rule 21 shall prevail. If any term is defined in both Schedule WATER and this Agreement, the definition in Schedule WATER shall prevail.

15. AMENDMENTS AND MODIFICATION
This Agreement can only be amended or modified by a written agreement signed by both Parties.
16. REGISTRATIONS
Prior to the date of actual Initial Operation, Producer shall register the Generating Facility (i) in WREGIS and take all other actions necessary to ensure that the energy produced from the Generating Facility is tracked for purposes of satisfying the California Renewables Portfolio Standard requirements, as may be amended or supplemented by the CPUC or CEC from time to time, and (ii) with the California Climate Action Registry as may be required by the PUC.

17. TITLE AND RISK OF LOSS
Title to and risk of loss relating to the energy produced from the Generating Facility shall transfer from Producer to SDG&E at the Point of Common Coupling. Producer warrants that it will deliver to SDG&E all Products from the Generating Facility free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Point of Common Coupling.

18. SURVIVAL
The obligations under Section 8, 11.2, and 14 shall survive termination of this Agreement.

19. ENTIRE AGREEMENT
This Agreement, including any incorporated Tariffs and Rules, contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated Tariffs and Rules.

20. SIGNATURES
IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective ("Effective Date") as of the last date set forth below.

PRODUCER’S NAME  SAN DIEGO GAS & ELECTRIC COMPANY

By: __________________________  By: __________________________
Name: __________________________  Name: __________________________
Title: __________________________  Title: __________________________
Date: __________________________  Date: __________________________
APPENDIX A

DESCRIPTION OF GENERATING FACILITY
AND SINGLE-LINE DIAGRAM

(Provided by Producer)
APPENDIX B
(If Applicable)

SPECIAL FACILITIES AGREEMENT
(Provided by SDG&E)
APPENDIX C

PRODUCER’S WARRANTY THAT THE GENERATING FACILITY IS AND WILL CONTINUE TO BE AN “ELIGIBLE RENEWABLE RESOURCE” PURSUANT TO SECTION 399.11 et seq. OF THE CALIFORNIA PUBLIC UTILITIES CODE AND THAT THE OUTPUT WILL COMPLY WITH THE CALIFORNIA RENEWABLE PORTFOLIO STANDARDS (“ERR/RPS Warranty”)

For the purpose of selling power produced by the Generating Facility pursuant to Assembly Bill 1969, under Section 399.20 et seq. of the California Public Utilities Code, Producer hereby declares that the Generating Facility complies with the requirements for “Eligible Renewable Resource” as such term is used in Section 399.11 et seq. of the California Public Utilities Code (“ERR Requirements”) and that the output from the Generating Facility complies with the requirements of the California Renewables Portfolio Standards (“RPS Requirements”).

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the Term of this Agreement, its Generating Facility shall continue to comply with the ERR Requirements and RPS Requirements. If Producer becomes aware that the Generating Facility or its output has ceased to comply with the ERR Requirements or RPS Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 10 of the Agreement. If at any time during the Term of this Agreement, SDG&E determines in its reasonable discretion that Producer’s Generating Facility may no longer comply with the ERR Requirements or RPS Requirements, SDG&E may require Producer to provide evidence that the Generating Facility continues to comply with the ERR Requirements and RPS Requirements within 15 business days of SDG&E’s Notice requesting such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect Producer’s Generating Facility and/or require documentation from Producer to monitor the Generating Facility’s compliance with the ERR Requirements and RPS Requirements. If SDG&E determines in its reasonable judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to comply with the ERR Requirements or RPS Requirements, then the Eligible Renewable Resource Status (the “ERR Status”) or Renewables Portfolio Standard Status (the “RPS Status”) of the Generating Facility or its output shall be deemed ineffective until such time as Producer again demonstrates to SDG&E’s reasonable satisfaction that the Generating Facility complies with the requirements for an Eligible Renewable Resource Generation Facility or RPS Requirements (the “ERR/RPS Status Change”).

SDG&E shall revise its records and the administration of this Agreement to reflect the ERR/RPS Status Change and provide Notice to Producer of the ERR/RPS Status Change pursuant to Section 10 of this Agreement. Such Notice shall specify the effective date of the ERR/RPS Status Change. This date shall be the first day of the calendar month for which SDG&E determines in its sole discretion that the Generating Facility first ceased to comply with the ERR Requirements or RPS Requirements. SDG&E’s Notice shall include an invoice for the refund of payments that were made to Producer during the period between the effective date of the ERR/RPS Status Change and the date of the last Notice in reliance upon Producer’s representations that the Generating Facility complied with the ERR Requirements and RPS Requirements and therefore was eligible to sell power to SDG&E as a result of satisfying the ERR Requirements and RPS Requirements.

During the period when the ERR Status or RPS Status is deemed to be ineffective, SDG&E shall not pay Producer for Product. Notwithstanding the foregoing, to the extent a change in law occurs after execution of this Agreement that causes the warranty contained in this appendix to be materially false or misleading, Producer shall not be in default of this Agreement if Producer has used commercially reasonable efforts to comply with such change in law.

Any amounts to be paid or refunded by Producer, as may be invoiced by SDG&E pursuant to the terms of this ERR/RPS Warranty, shall be paid to SDG&E within 30 days of Producer’s receipt of such invoice.
APPENDIX D

PRODUCER'S WARRANTY THAT THE GENERATING FACILITY
WAS AND WILL CONTINUE TO BE A
“QUALIFYING FACILITY” PURSUANT TO THE POLICIES AND PRACTICES OF
THE FEDERAL ENERGY REGULATORY COMMISSION (“QF Warranty”)

For the purpose of selling power produced by the Generating Facility pursuant to Assembly Bill 1969, under Section 399.20 et seq. of the California Public Utilities Code, Producer hereby declares that the Generating Facility prior to January 1, 2002 complied with the requirements and for the Term of this Agreement shall continue to comply with the requirements for a Small Power Producer “Qualifying Facility” as such term is used in 18 Code of Federal Regulations Part 292, Section 292.203 et seq. implementing the Public Utility Regulatory Policies Act of 1978 as amended by the Energy Policy Act of 2005 (“QF Requirements”).

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the Term of this Agreement, the Generating Facility shall continue to comply with such QF Requirements. If Producer becomes aware that its Generating Facility has ceased to comply with the QF Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 10 of the Agreement. If at any time during the Term of this Agreement SDG&E determines in its reasonable discretion that Producer’s Generating Facility may no longer comply with the QF Requirements, SDG&E may require Producer to provide evidence that the Generating Facility continues to comply with the QF Requirements within 15 business days of SDG&E’s Notice requesting such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect Producer’s Generating Facility and/or require documentation from Producer to monitor the Generating Facility’s compliance with the QF Requirements. If SDG&E determines in its reasonable judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to comply with the QF Requirements, then the Qualifying Facility Status (the “QF Status”) of the Generating Facility shall be deemed ineffective until such time as Producer again demonstrates to SDG&E’s reasonable satisfaction that the Generating Facility complies with the requirements for a Qualifying Facility (the “QF Status Change”).

SDG&E shall revise its records and the administration of this Agreement to reflect the QF Status Change and provide Notice to Producer of the QF Status Change pursuant to Section 10 of this Agreement. Such Notice shall specify the effective date of the QF Status Change. This date shall be the first day of the calendar month for which SDG&E determines in its sole discretion that the Generating Facility first ceased to comply with the QF Requirements. SDG&E’s Notice shall include an invoice for the refund of payments that were made to Producer during the period between the effective date of the QF Status Change and the date of the last Notice in reliance upon Producer’s representations that the Generating Facility complied with the QF Requirements and therefore was eligible to sell power to SDG&E as a result of satisfying the QF Requirements.

During the period when the QF Status is deemed to be ineffective, SDG&E shall not pay Producer for Product.

Any amounts to be paid or refunded by Producer, as may be invoiced by SDG&E pursuant to the terms of this QF Warranty, shall be paid to SDG&E within 30 days of Producer’s receipt of such invoice.
APPENDIX E

Forecast Requirements
for Generating Facilities that have a Net Nameplate Rating greater or equal to 500 kW

1. **Introduction.**

   The Parties shall abide by the Forecast requirements and procedures described below and shall make reasonable changes to these requirements and procedures from time-to-time, as necessary to:
   
   (a) Comply with ISO Tariff changes or Commission orders; and
   (b) Accommodate changes to their respective generation technology and organizational structure.

2. **Procedures.**

   (a) **Weekly Forecasting Procedures.**

      (i) **Producer’s Forecasting Responsibilities.**

         Producer must meet all of the following requirements specified below:

         (1) Beginning the Wednesday prior to the planned Initial Operation of the Generating Facility, Producer will electronically provide SDG&E with an Energy Forecast for the next calendar week, by no later than 5 PM Wednesday of the week preceding the week covered by the Energy Forecast.

         The Energy Forecast submitted to SDG&E shall:

         a) Not include any anticipated or expected electric energy losses between the Net Generation Output Meter and the Point of Common Coupling;

         b) Be constructed using file formats, templates, and naming conventions agreed to by the Parties.

         c) Include Producer’s contact information.

         d) Be sent to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.

         e) Limit hour-to-hour forecast changes to no less than one hundred (100) kW.

         (2) If Producer revises any Energy Forecast submitted pursuant to Item 2(a)(i)(1) the revision in the Energy Forecast shall be communicated by Producer to SDG&E’s Day-Ahead Group no later than 8:30 a.m. the day prior to the effective date of the revision.

         Producer shall contact SDG&E’s Day-Ahead Group at:
Scheduling Desk:
Phone:  (858) 650-6178
Backup: (858) 650-6160
Fax:    (858) 650-6191
Email:  presched@semprautilities.com

If Producer revises any Energy Forecast submitted pursuant to Item 2(a)(i)(1) or Item 0 the revision in the Energy Forecast shall be communicated by Producer to SDG&E’s Real-Time Group no later than one half (½) hour prior to the ISO’s Hour-Ahead scheduling deadline.

Producer shall contact SDG&E’s Real-Time Group at:

Operations Desk:
Phone:  (858) 650-6160
Back-up: (858) 650-6178
Fax:    (858) 650-6191
Email:  presched@semprautilities.com

(b) 30-Day Forecasting Procedures.
Producer must meet all of the following requirements for Forecasting electric energy to be received by SDG&E from the Producer as specified below.

(i) In addition to the requirements set forth in Item 2(a) above, Producer shall electronically provide SDG&E with a rolling 30-day Energy Forecast, beginning at least thirty (30) days prior to commencement of the Term.

These files shall:

(1) Be constructed using reasonable file formats, templates, and naming conventions agreed to by the Parties.

(2) Include Producer’s contact information.

(3) Be sent to presched@semprautilities.com with a copy to tsched@semprautilities or through SDG&E-provided software, or as otherwise instructed by SDG&E.

(4) Limit hour-to-hour forecast changes to no less than one hundred (100) kW.

(ii) Producer shall update the rolling 30-day hourly forecast weekly by 5:00 PM each Wednesday and send to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.
(iii) If Producer learns of any inaccuracies in its most recently submitted 30-day hourly Energy Forecast affecting the period between the date Producer learns of the inaccuracy and the date that the next updated 30-day hourly Energy Forecast is due, Producer shall promptly send an updated Energy Forecast, to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.

2. **Outage Scheduling Procedures.**

Producer shall be responsible for all costs associated with all requirements and timelines for generation outage Scheduling contained in the Producer’s otherwise applicable retail Tariff.
APPENDIX F

Definitions

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

1. “Agreement” has the meaning set forth in the Recitals.

2. “Attributes” has the meaning set forth in Section 6.3.

3. “Business Day” means any day except a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday following Thanksgiving. A Business Day shall begin at 8:00 a.m. and end at 5:00 p.m. local time for the Party sending the Notice or payment or performing a specified action.

4. “California Renewables Portfolio Standard” shall mean the renewable energy program and policies established by Senate Bill 1038 and 1078, as such provisions may be amended or supplemented from time to time.

5. “Capacity Attributes” means any and all current or future defined characteristics, certificates, tag, credits, ancillary service attributes, or accounting constructs, howsoever entitled, including any accounting construct counted toward any resource adequacy requirements, attributed to or associated with the Generating Facility or any unit of generating capacity of the Generating Facility during the Term.


9. “Effective Date” has the meaning set forth in Section 17.

10. “Energy Forecast” has the meaning set forth in Appendix E.

11. “ERR” means a generating facility that qualifies as an eligible renewable electric energy resource for purposes of the RPS Legislation.

12. “ERR Requirements”, “ERR Status”, “ERR Status Change” and “ERR Warranty” have the meanings set forth in Appendix C.


14. “Forecast”, “Forecast Requirements” and “Forecast Procedures” have the meanings set forth in Appendix E.

15. “Generating Facility” means all of Producer’s electric generators, located at the Premises and complying with the requirements of Appendix C and Appendix D for the entire Term of this Agreement, together with all materials, equipment systems, structures, features and improvements necessary to produce electric energy from such electric generator (excluding the Site, land rights and interests in land).
16. “Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Generating Facility and its displacement of conventional energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change or otherwise by law to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Generating Facility, (ii) production tax credits associated with the construction or operation of the project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Producer to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Generating Facility for compliance with local, state, or federal operating and/or air quality permits. If Producer’s Generating Facility is a biomass or landfill gas facility and Producer receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide SDG&E with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Generating Facility.

17. “Gross Nameplate Rating” means the values, in kW, set forth in Section 2.4.

18. “Governmental Authority” means:
   a) Any federal, state, local, municipal or other government;
   b) Any governmental, regulatory or administrative agency, commission, or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or
   c) Any court or governmental tribunal.


20. “Initial Operation” means the actual date on which the Generating Facility begins Operating, is in compliance with the applicable interconnection and system protection requirements, has met all of the requirements contained herein (i.e. scheduling, insurance, warranties) is able to produce and deliver energy to SDG&E pursuant to the terms of this Agreement.
21. “ISO” means the California Independent System Operator Corporation or successor entity that dispatches certain generating units and loads and controls the transmission facilities of entities that:

a) Own, operate and maintain transmission lines and associated facilities or have entitlements to use certain transmission lines and associated facilities; and

b) Have transferred to the ISO or its successor entity operational control of such facilities or entitlements.

22. “ISO Tariff” means the California Independent System Operator Corporation Operating Agreement and Tariff, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

23. “kW” means a kilowatt (1,000 watts) of electric power.

24. “kWh” means a kilowatt-hour (1,000 watt-hours) of electric energy.

25. “Market Price Referent” or “MPR” means the market price referent applicable to this Agreement as determined by the CPUC in accordance with California Public Utilities Code Section 399.15(c) for the Term as set forth in Section 6.2.


28. “Notice” has the meaning set forth in Section 10.1.

29. “Operate,” “Operating” or “Operation” means to provide (or the provision of) all the operation, engineering, purchasing, repair, supervision, training, inspection, testing, protection, use, management, improvement, replacement, refurbishment, retirement, and maintenance activities associated with operating the Generating Facility in accordance with Prudent Electrical Practices.

30. “Party” or “Parties” have the meaning set forth in the Recitals.

31. “Permits” means all applications, approvals, authorizations, consents, filings, licenses, orders, permits or similar requirements imposed by any Governmental Authority, or the ISO, in order to develop, construct, operate, maintain, improve, refurbish and retire the Generating Facility or to Schedule and deliver the electric energy produced by the Generating Facility to SDG&E, including the Authority to Construct permit. Permits include the documentation required by California Public Utilities Code Section 2812(d) 1 for Producers subject to Section 2802 for hydroelectric Renewable Generating Facilities.

32. “Point of Common Coupling” has the meaning set forth in SDG&E’s Rule 21.

33. “Producer” has the meaning set forth in the Recitals.

34. “Product” means:

a) Electric power and energy purchased by SDG&E; and
b) All associated Green Attributes, Capacity Attributes, and Resource Adequacy Benefits.

35. “Product Price” for this Agreement has the meaning set forth in Section 6.2.

36. “Protective Functions” has the meaning set forth in SDG&E’s Rule 21.

37. “Premises” means all of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises, and public or quasi-public institutions, by a dedicated street, highway, or other public thoroughfare, or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served.

38. “Prudent Electrical Practices” means those practices, methods and acts that would be implemented and followed by prudent operators of electric energy generating facilities in the Western United States, similar to the Generating Facility, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety.

Prudent Electrical Practices shall include, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with manufacturers’ warranties, restrictions in this Agreement, and the requirements of Governmental Authorities, WECC standards, the ISO and applicable laws.

Prudent Electrical Practices shall also include taking reasonable steps to ensure that:

a) Equipment, materials, resources, and supplies, including spare parts inventories, are available to meet the Generating Facility’s needs;

b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Generating Facility properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Generating Facility and emergencies whether caused by events on or off the Site;

c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable, long term and safe operation of the Generating Facility, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;

d) Appropriate monitoring and testing are performed to ensure equipment is functioning as designed;

e) Equipment is not operated in a reckless manner, in violation of manufacturer’s guidelines or in a manner unsafe to workers, the general public, or SDG&E’s electric system or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and
f) Equipment and components designed and manufactured to meet or exceed the standard of durability that is generally used for electric energy generating facilities operating in the Western United States and will function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Site and under both normal and emergency conditions.

39. “Public Water or Wastewater Agency” means an Eligible Public Water Agency or Eligible Wastewater Agency as set forth in SDG&E Tariff Schedule WATER.

40. “QF Requirements”, “QF Status”, “QF Status Change” and “QF Warranty” have the meanings set forth in Appendix D.

41. “Renewable Energy Credit” has the meaning set forth in California Public Utilities Code Section 399.12(g), as may be amended from time to time or is further defined or supplemented by law.

42. “Resource Adequacy Benefits” means the rights and privileges attached to the Generating Facility that satisfy any entity’s resource adequacy obligations, as those obligations are set forth in any Resource Adequacy Rulings and shall include any local, zonal or otherwise locational attributes associated with the Generating Facility.

43. “Resource Adequacy Rulings” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031 and any subsequent CPUC ruling or decision, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable Governmental Authority, as such decisions, rulings, laws, rules or regulations may be amended or modified from time-to-time during the Term.

44. “RPS Legislation” means the State of California Renewable Portfolio Standard Program, as codified at California Public Utilities Code Section 399.11, et seq.

45. “Rule” means Tariff sheets which set forth the application of all rates, charges, and service when such applicability is not set forth in and as part of the rate schedules.

46. “Schedule,” “Scheduled” or “Scheduling” means the action of Producer and SDG&E, or their designated representatives of notifying, requesting, and confirming to each other the Forecast of electric energy from the Generating Facility being received by SDG&E.

47. “Schedule WATER” refers to one or more Tariff sheets setting forth the charges and conditions for a customer taking service from SDG&E under this Tariff who meets the definition of an Eligible Public Water Agency or an Eligible Wastewater Agency who owns and operates an Eligible Renewable Generating Facility, as defined in Schedule WATER. This Tariff is subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

48. “SDG&E” has the meaning set forth in the Recitals.

49. “Site” means the real property on which the Generating Facility is, or will be located, as further described in Appendix A.

50. “Special Facilities Agreement” means that certain agreement between Producer and SDG&E, dated as of ________, and attached hereto as Appendix B.

51. “Station Use” means the electric energy produced by the Generating Facility that is either:
a) Used within the Generating Facility to power the lights, motors, control systems and other electrical loads that are necessary for Operation; or

b) Consumed within the Generating Facility’s electric energy distribution system as losses.

52. “Tariff(s)” mean(s) the entire body of effective rates, rentals, charges, and rules collectively of SDG&E, as set forth herein, and including title page, preliminary statement, service area maps, rate schedules, list of contracts and deviations, Rules, and sample forms.

53. “Term” has the meaning used in Section 4.1(c).

54. “Term Year” means a twelve (12) month period beginning on the first day of the calendar month following Initial Operation and each successive twelve (12) month period thereafter.

55. “TOD Periods” means the time of delivery periods for determination of payments as set forth in Appendix G.

56. “WATER” means Water/Wastewater Agency Tariff for Eligible Renewables the SDG&E Tariff schedule that implements Assembly Bill 1969.

57. “WECC” means the Western Electricity Coordinating Council, the regional reliability council for the Western United States, Southwestern Canada, and Northwestern Mexico.

58. “WREGIS” means the Western Renewable Energy Generating Information System or any successor renewable energy tracking system.
## APPENDIX G

### TOD Periods

<table>
<thead>
<tr>
<th></th>
<th><strong>SUMMER</strong></th>
<th><strong>WINTER</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 1 – October 31</td>
<td>November 1 – June 30</td>
</tr>
<tr>
<td>On-Peak</td>
<td>Weekdays 11am – 7pm; 1.6411</td>
<td>Weekdays 1pm - 9pm; 1.1916</td>
</tr>
<tr>
<td>Semi-Peak</td>
<td>Weekdays 6am – 11am; Weekdays 7pm - 10pm; 1.0400</td>
<td>Weekdays 6am – 1pm; Weekdays 9pm – 10pm; 1.0790</td>
</tr>
<tr>
<td>Off-Peak*</td>
<td>All other hours; 0.8833</td>
<td>All other hours; 0.7928</td>
</tr>
</tbody>
</table>

*All hours during National Electric Reliability Council (NERC) holidays are off-peak.
APPENDIX H

Product Price

Product Price for this Agreement (in $ per kWh) shall be as stated in the table below for the price applicable to the actual Initial Operation date.

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>10-Year</th>
<th>15-Year</th>
<th>20-Year</th>
<th>25-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 Eaload MPR</td>
<td>0.10043</td>
<td>0.10537</td>
<td>0.11126</td>
<td>0.11480</td>
</tr>
<tr>
<td>2010 Eaload MPR</td>
<td>0.10175</td>
<td>0.10748</td>
<td>0.11390</td>
<td>0.11761</td>
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<tr>
<td>2011 Eaload MPR</td>
<td>0.10400</td>
<td>0.11046</td>
<td>0.11730</td>
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<tr>
<td>2012 Eaload MPR</td>
<td>0.10698</td>
<td>0.11405</td>
<td>0.12126</td>
<td>0.12509</td>
</tr>
<tr>
<td>2013 Eaload MPR</td>
<td>0.10998</td>
<td>0.11776</td>
<td>0.12527</td>
<td>0.12915</td>
</tr>
<tr>
<td>2014 Eaload MPR</td>
<td>0.11278</td>
<td>0.12122</td>
<td>0.12897</td>
<td>0.13290</td>
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<tr>
<td>2015 Eaload MPR</td>
<td>0.11605</td>
<td>0.12503</td>
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<td>0.13690</td>
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<tr>
<td>2016 Eaload MPR</td>
<td>0.11971</td>
<td>0.12915</td>
<td>0.13706</td>
<td>0.14111</td>
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<tr>
<td>2017 Eaload MPR</td>
<td>0.12367</td>
<td>0.13352</td>
<td>0.14144</td>
<td>0.14549</td>
</tr>
<tr>
<td>2018 Eaload MPR</td>
<td>0.12802</td>
<td>0.13814</td>
<td>0.14603</td>
<td>0.15001</td>
</tr>
<tr>
<td>2019 Eaload MPR</td>
<td>0.13271</td>
<td>0.14298</td>
<td>0.15080</td>
<td>0.15464</td>
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<tr>
<td>2020 Eaload MPR</td>
<td>0.13776</td>
<td>0.14797</td>
<td>0.15578</td>
<td>0.15937</td>
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</tbody>
</table>
APPENDIX I

INITIAL OPERATION DATE CONFIRMATION LETTER

In accordance with the terms of that certain Renewable Power Purchase and Interconnection Agreement dated _____ ("Agreement") by and between San Diego Gas & Electric Company ("SDG&E") and ____ ("Producer"), this letter serves to document the parties further agreement that (i) the conditions for the occurrence of the Initial Operation have been satisfied, (ii) the insurance requirements have been fulfilled, (iii) the warranty and registration requirements in the Agreement have been met, and (iv) Producer has delivered and SDG&E has received the energy, as specified in the Agreement, as of this ___ day of ___, ____.

This letter shall confirm the Initial Operation date, as defined in the Agreement as of the date referenced in the preceding sentence.

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed by it authorized representative as of the date of the last signature provided below.

By: _____________________  By: ___________________
Name:                  Name:
Title:                 Title:
Date:                  Date:
CREDIT APPLICATION

General Information

Legal Company Name

Doing Business As (DBA)

Street Address   City   State     Zip Code

Federal Tax ID #

Organized & existing under the laws of: (State)____________________  Year Incorporated/Established________

Primary Contacts:
Credit Issues Contact:
Name____________________ Title____________________ Phone________    FAX_______ E-Mail_______
Business Issues Contact:
Name____________________ Title____________________ Phone________    FAX_______ E-Mail_______

Service Type:    Estimated Volumes of Service Requested per month:
____________________ ______________________________________
____________________ ______________________________________
____________________ ______________________________________

Please provide the following information with this application:

- Most recent three (3) fiscal years’, CPA-audited, financial statements including notes to the financial statements.
- The most recent interim financial statements.
- A list of corporate affiliates, including addresses and relationship to your company/entity (Corporate Organization Chart).
- Most recent three (3) fiscal years’, CPA-audited, financial statements of the ultimate parent company.

General Certification

The undersigned declares that the statements set forth herein are true and complete. The undersigned on behalf of Applicant hereby authorizes Utility to obtain verification from any source named herein as to the accuracy of the information provided and to obtain credit information regarding Applicant as part of its approval process.

The undersigned on behalf of Applicant hereby releases, discharges, exonerates and covenants not to sue any person, company or governmental organization providing information to Utility in connection with its approval process, any recipient of such information conducting a review of such information in connection with this application, including Utility or its representatives, and its officers, agents, employees and independent contractors, from any and all liability of every nature and kind arising from or in connection with the furnishing, receipt and review of such information.

Official Signature: ______________________________________
(Must by signed by an officer of the Applicant)

Typed Name:_____________________________________________ Title:______________________ Dated:______________
This consent form (“Consent”) is entered into by [PARTY NAME] as of this __ day of ______, 2010, to authorize the disclosure of [PARTY NAME]’s transmission-related information to San Diego Gas and Electric Company’s marketing or merchant business unit (SDG&E).

Whereas, [PARTY NAME] and SDG&E are negotiating (i) a long-term power purchase agreement for the sale of renewable power to SDG&E or (ii) a term-sheet for SDG&E’s purchase from [PARTY NAME] of a generating facility producing renewable power (collectively, the “Agreement”).

Whereas, pursuant to the Federal Energy Regulatory Commission (FERC) Standards of Conduct enacted through FERC Order 2004, the interconnecting utility’s transmission planning group (Transmission) is prohibited from sharing non-public transmission-related information with SDG&E.

Whereas, [PARTY NAME] recognizes that in order to facilitate the Agreement negotiation process and to permit SDG&E to diligently pursue the Agreement, Transmission should not be prohibited from sharing non-public transmission-related information with SDG&E.

THEREFORE, in consideration of the benefits to be received upon the successful negotiation and execution of the Agreement between [INSERT PARTY NAME] and SDG&E, [PARTY NAME] consents to and authorizes Transmission’s disclosure of all non-public transmission-related and customer-related information to SDG&E to the extent that information relates to the Agreement.

IN WITNESS WHEREOF, [PARTY NAME] has caused this Consent to be duly executed and delivered by its proper and duly authorized officer as of the date set forth above.

[PARTY NAME]
By: __________________________
Name: _________________________
Title: __________________________
Date: __________________________
The project viability calculator (PVC) is a tool for the utilities to evaluate the viability of a renewable energy project, relative to all other projects that bid into the California utilities' Renewables Portfolio Standard (RPS) solicitations. Pursuant to Decision (D) 09-06-018, the utilities are required to use the PVC to evaluate all bids received in response to their 2009 RPS solicitation.

RPS stakeholders made significant contributions in developing the PVC. Staff considered all comments and recommendations it received. Staff incorporated recommendations which were most consistent with the objective of developing a tool which produces meaningful results, increases transparency of the RPS procurement process and employs standardized evaluation criteria.

The PVC uses standardized categories and criteria to quantify a project's strengths and weaknesses in key areas of renewable project development. A project's score is only indicative of a project's likelihood to achieve commercial development. Specifically, in D.09-06-018 the Commission stated that the PVC is to be used as a screening tool, not to determine the exact merit of a particular project or contract. Utilities ultimately remain responsible for the recommendations they make regarding projects to meet their RPS Program targets.

Each project viability criteria is defined to guide scoring between zero and ten (0 - 10). Refer to the Criteria_Scoring Guidelines tab.

Utilities may modify the PVC, with conditions, if necessary. For example, the utilities may adjust the priority ranking of criteria and may add criteria. Pursuant to D.09-06-018, the utilities may not add new categories, may not change or delete criteria, and cannot modify the criteria scoring guidelines. Any addition or change must be documented.

Yellow highlighted cells identify areas where the user will input criteria scores, and may adjust weighting percentages and criteria priority ranking. Refer to the Calculator tab.
Bidder Information

<table>
<thead>
<tr>
<th>Solicitation Bid Number (1,2,3...)</th>
<th>Company Name</th>
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</thead>
<tbody>
<tr>
<td>Project Name</td>
<td></td>
</tr>
<tr>
<td>New or Existing Facility?</td>
<td></td>
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Project Information

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<tr>
<th>Technology</th>
<th>Nameplate Capacity (MW)</th>
<th>Annual Generation (GWh)</th>
<th>Annual Capacity Factor (%)</th>
<th>Type of cooling</th>
<th>Contract Length (years)</th>
<th>Commercial Operation Date</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Project Detail

<table>
<thead>
<tr>
<th>Interconnection Status</th>
<th>Interconnection Point / Substation</th>
<th>Levelized Price ($/MWh)</th>
<th>Levelized Price ($/MWh)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Project Viability Calculator

2010 RPS Solicitation

Category and Criteria Weighting

<table>
<thead>
<tr>
<th>Category</th>
<th>Criteria</th>
<th>Priority</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company / Development Team</td>
<td>Project Development Experience</td>
<td>VH 4</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Ownership / O&amp;M Experience</td>
<td>L 1</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>Technical Feasibility</td>
<td>VH 4</td>
<td>25%</td>
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<tr>
<td></td>
<td>Resource Quality</td>
<td>M 3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manufacturing Supply Chain</td>
<td>H 5</td>
<td></td>
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<tr>
<td>Development Milestones</td>
<td>Site Control</td>
<td>VH 4</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Permitting Status</td>
<td>VH 4</td>
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<td></td>
<td>Project Financing Status</td>
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<tr>
<td></td>
<td>Interconnection Progress</td>
<td>VH 4</td>
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<tr>
<td></td>
<td>Transmission Requirements</td>
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<td></td>
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<tr>
<td></td>
<td>Reasonableness of COD</td>
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<tr>
<td>Total Weight</td>
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<td></td>
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</table>

Project Scoring

<table>
<thead>
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<th>Weight</th>
<th>Company / Development Team</th>
<th>Total Category</th>
<th>Weighted Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>Total Weight</td>
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<tr>
<td>15%</td>
<td>Project Development Experience</td>
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<td>4</td>
<td>Ownership / O&amp;M Experience</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td>Normalized Category</td>
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<tr>
<td></td>
<td>Weighted Category</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Comments

Bidder shall justify each score by illustrating its experience, feasibility, etc...

"Normalized Category" makes each category the same range of values while incorporating the weighting within each category. Therefore, a normalized category score should be "100" if the project receives the maximum score (10) for each criteria, regardless of the criteria weighting (1 - 4).
## Criteria: Scoring Guidelines

### Project Development Experience

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>The company and/or the development team has completed 2 or more projects of similar technology and capacity (e.g., 20 MW photovoltaic facility (thin-film)).</td>
</tr>
<tr>
<td>8</td>
<td>The company and/or the development team has completed 2 or more projects of any technology and capacity (wholesale generation).</td>
</tr>
<tr>
<td>7</td>
<td>Either (i) the company and/or the development team has completed at least one project of similar technology and capacity, or (ii) begun construction of at least one other similar project.</td>
</tr>
<tr>
<td>5</td>
<td>Either (i) the company and/or the development team has completed at least one project of any technology and capacity (wholesale generation); or (ii) begun construction of at least one other similar project.</td>
</tr>
<tr>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

### Ownership / O&M Experience

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>The company, development team or subcontractor has experience with 2 or more projects of similar technology and capacity (e.g., 20 MW photovoltaic facility (thin-film)).</td>
</tr>
<tr>
<td>8</td>
<td>The company, development team or subcontractor has experience with 2 or more projects of any technology and capacity (wholesale generation).</td>
</tr>
<tr>
<td>7</td>
<td>The company, development team or subcontractor has experience with at least 1 project of similar technology.</td>
</tr>
<tr>
<td>5</td>
<td>The company, development team or subcontractor has experience with at least 1 project of any technology and capacity (wholesale generation).</td>
</tr>
<tr>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

### Technology

#### Technical Feasibility

<table>
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<th>Description</th>
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<tbody>
<tr>
<td>10</td>
<td>Project will use commercialized technology that is currently in use at a minimum of 2 operating facilities of similar capacity (worldwide).</td>
</tr>
<tr>
<td>8</td>
<td>Project will use commercialized technology that is currently in use at a minimum of 2 operating facilities, but at first-of-its-kind scale. For example, existing projects do not exceed 20 MW and the proposed project is for greater than 50 MW.</td>
</tr>
<tr>
<td>5</td>
<td>Either (i) the project will use key components of commercialized technology, but in an application that has not yet been commercially proven; or (ii) project feasibility is supported by third party, independent engineer's report that verifies the cost and performance. (Technology is not commercially proven)</td>
</tr>
<tr>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

#### Resource Quality

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Bidder demonstrated that the resource can support the production profile. For example:</td>
</tr>
<tr>
<td></td>
<td>- Geothermal: Based on results of test wells, verified third party resource assessment or comparable facilities in the region.</td>
</tr>
<tr>
<td></td>
<td>- Wind: Based on meteorological tower data, verified third party resource assessment or comparable facilities in the region.</td>
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<tr>
<td></td>
<td>- Biomass: Sufficient quantities of fuel stock under control or contract for a minimum of five years.</td>
</tr>
<tr>
<td></td>
<td>- Solar: Based on verified third party resource assessment or comparable facilities in the region.</td>
</tr>
<tr>
<td>5</td>
<td>The resource appears sufficient to support the project's production profile. Assumptions are reasonable but not supported by data or assessment in section above.</td>
</tr>
<tr>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

### Manufacturing Supply Chain

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>There are no known or anticipated supply chain constraints.</td>
</tr>
<tr>
<td>5</td>
<td>Project scored within the top two tiers in the Technical Feasibility category, but project development is dependent on new manufacturing capacity.</td>
</tr>
<tr>
<td>2</td>
<td>Project will rely on proprietary technical design for its key component(s), not currently in use commercially, and project development is dependent on new manufacturing capacity.</td>
</tr>
<tr>
<td>0</td>
<td>None of the above.</td>
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### Development Milestones

<table>
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<tr>
<th></th>
<th>0</th>
<th>2</th>
<th>4</th>
<th>6</th>
<th>8</th>
<th>10</th>
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</thead>
<tbody>
<tr>
<td><strong>Site Control</strong></td>
<td></td>
<td></td>
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<tr>
<td>Project has 100% site control through either (i) direct ownership; (ii) a lease; or (iii) an option to lease or purchase.</td>
<td>0</td>
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<tr>
<td>The project will be sited on BLM land and the bidder has achieved “Site Exclusivity,” pursuant to California Independent System Operator (CAISO) guidelines. <a href="http://www.caiso.com/1f42/1f42c00d28c30.html">http://www.caiso.com/1f42/1f42c00d28c30.html</a></td>
<td>0</td>
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<tr>
<td>None of the above.</td>
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<tr>
<td><strong>Permitting Status</strong></td>
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<tr>
<td>At a minimum, bidder has received its Conditional Use Permit (CUP) or Application for Certification (AFC).</td>
<td>0</td>
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<tr>
<td>Bidder has applied for its CUP or AFC, the application has been deemed data adequate and/or the designated agency has initiated its review. No fatal flaws have been identified (e.g., protected species and/or land, high land mitigation requirement).</td>
<td>0</td>
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<tr>
<td>Bidder has not initiated permitting, but bidder has successfully permitted a facility of similar technology and capacity. No fatal flaws have been identified (e.g., protected species and/or land, high land mitigation requirement).</td>
<td>0</td>
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<tr>
<td>None of the above.</td>
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<tr>
<td><strong>Project Financing Status</strong></td>
<td></td>
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</tr>
<tr>
<td>Either (i) the project will be “balance sheet” financed; or (ii) the project will rely on a power purchase agreement (PPA) for its financing and bidder can verify that such financing has been secured.</td>
<td>0</td>
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<tr>
<td>Project will rely on PPA financing. The bidder has obtained financing for at least 1 project of similar technology and capacity (e.g., 20 MW photovoltaic facility (thin-film)).</td>
<td>0</td>
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<tr>
<td>Project will rely on PPA financing. The bidder has obtained financing for at least 1 project of any technology and capacity (wholesale generation).</td>
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<tr>
<td>None of the above.</td>
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<tr>
<td><strong>Interconnection Progress</strong></td>
<td></td>
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<tr>
<td>The project has obtained its Interconnection Agreement.</td>
<td>0</td>
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<tr>
<td>The project can interconnect through CAISO Small Generator Interconnection Procedures.</td>
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<tr>
<td>Either (i) the project is in Phase I of the CAISO’s Large Generator Interconnection Process (LGIP), has posted its Letter of Credit and is in compliance with all CAISO requirements for maintaining queue position; or (ii) the project is in the Serial Study Group and has initiated its Facilities Study.</td>
<td>0</td>
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<tr>
<td>The project has submitted its interconnection Request.</td>
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<tr>
<td>None of the above.</td>
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<tr>
<td><strong>Transmission Requirements</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>No transmission system upgrades required.</td>
<td>0</td>
<td></td>
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<tr>
<td>Transmission access expected in less than 2 years.</td>
<td>0</td>
<td></td>
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<tr>
<td>Transmission access expected in less than 3 years.</td>
<td>0</td>
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<tr>
<td>Transmission access expected in less than 5 years.</td>
<td>0</td>
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<tr>
<td>Transmission access expected in greater than 5 years.</td>
<td>0</td>
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<tr>
<td>None of the above.</td>
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<tr>
<td><strong>Reasonableness of COD</strong></td>
<td></td>
<td></td>
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<tr>
<td>Utility reasonably expects project’s COD to occur within 12 months of the proposed online date.</td>
<td>0</td>
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<tr>
<td>Utility reasonably expects project’s COD to occur within 12 - 24 months of the proposed online date.</td>
<td>0</td>
<td></td>
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<tr>
<td>Utility reasonably expects project’s COD to occur within 24 - 36 months of the proposed online date.</td>
<td>0</td>
<td></td>
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<tr>
<td>Utility reasonably expects project’s COD to occur within 36 - 48 months of the proposed online date.</td>
<td>0</td>
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</tr>
<tr>
<td>Utility reasonably expects project’s COD to occur more than 48 months after the proposed online date.</td>
<td>0</td>
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</table>

*end*
APPENDIX C
LCBF PROCESS
EVALUATING LONG-TERM OFFERS
(FOR LONG TERM OFFERS OF 10, 15, 20 YEARS OR LONGER)

I. Introduction

A. Note relevant language in statute and CPUC decisions approving LCBF process and requiring LCBF Reports

In accordance with Section 399.14 (a)(2)(B) of the Public Utilities Code, the Commission established in D.04-07-029 a process for evaluating “least-cost, best-fit” (“LCBF”) renewable resources for purposes of IOU compliance with Renewable Portfolio Standard (“RPS”) program requirements. In D.06-05-039, the Commission observed that “the RPS project evaluation and selection process within the LCBF framework cannot ultimately be reduced to mathematical models and rules that totally eliminate the use of judgment.”\(^1\) It determined, however, that each IOU should provide an explanation of its “evaluation and selection model, its process, and its decision rationale with respect to each bid, both selected and rejected,” in the form of a report to be submitted with its short list of bids (the “LCBF Report”). SDG&E’s LCBF Report is set forth below.

B. Goals of bid evaluation and selection criteria and processes

SDG&E’s bid evaluation and selection process is governed by:

1) RPS program’s requirement that selections are made in a fair and least-cost, best fit manner.

2) SDG&E’s Commission approved 2010 RPS plan. This plan was reviewed by SDG&E’s Independent Evaluator and Procurement Review Group.

3) SDG&E’s Sunrise Powerlink commitments. With Commission approval of the Sunrise Powerlink (“SPL”), SDG&E committed to replacing failed projects which would have flowed on SPL with projects that would also flow on SPL.

II. Bid Evaluation and Selection Criteria

A. Description of Criteria

Consistent with SDG&E’s 2010 RPS Plan, the selection of renewable resources is driven primarily by a cost minimization objective function. Procurement is governed by RPS rules and based upon an assessment of quality, price, terms and viability of offers. SDG&E seeks resources that will allow SDG&E to meet RPS requirements in the most expeditious and cost effective manner. Toward that end, offers that met the 2009 RFO requirements will be evaluated on the basis of a least-cost, best-fit analysis. The components of the LCBF analysis are discussed below, including:

- Market Valuation (the “All-In Bid Ranking Price”)
- Portfolio Fit
- Credit and Collateral Requirements
- Project Viability
- Other Qualitative Factors

\(^1\) D.06-05-039, mimeo, p. 42.
1. **Market valuation (the “All-In Price”)**

The All-In Price includes the following factors:

i. **Capacity and energy prices.**

Both the offered capacity and energy prices are included in the All-In Price.

ii. **Time of delivery adjusted pricing.**

SDG&E accounts for differences in the value of various delivery profiles. To properly assess the value of the deliveries from an intermittent resource properly, SDG&E divides the proposed energy price by SDG&E’s Time-of-Delivery factors for each MWH the project delivers during each delivery hour over the term of the agreement. The total cost is summed and divided by energy delivered. A present value figure is calculated for the payment and energy streams and an overall levelized TOD Adjusted Bid Price on a $/MWH is calculated. The difference between the levelized TOD Adjusted Bid Price and an unadjusted levelized bid price represents the TOD Adjustment Adder. Projects that provide a greater proportion of their annual deliveries in summer on-peak, winter on-peak, and summer semi-peak periods will receive a credit that will reduce the project bid price, whereas projects that provide a greater proportion of annual deliveries in summer and winter off-peak periods will receive a debit that will increase the project bid price. Baseload units deliver equally in all hours, which results in a net TOD Adjustment Adder at or close to zero. Projects that include multiple units with different starting dates will be assessed as a single unit with capacity and energy added as new units come online within the calendar year; for baseload units, this will cause uneven energy deliveries between summer and winter seasons, and may result in a positive or negative TOD Adjustment Adder.

iii. **Transmission upgrade costs/credits (discussed at Section II(A)(4) below).**

iv. **Congestion cost adders.**

Congestion costs will be developed using ABB’s Grid View model. The model provides hourly Locational Marginal Prices (“LMP”) for specific years for each of the bids. Congestion Costs ($/MWh) will be calculated based on the difference between the hourly LMP at each generator’s injection point and the hourly LMP values for SDG&E’s Load Aggregation Point (“LAP”). The LMP values in the LAP will be weighted for all bus points within SDG&E’s service territory using approved CAISO allocation factors. SDG&E will subtract the LMPs for each generator’s injection point from the LMPs in SDG&E’s LAP and multiply the differences by the generator’s hourly production profile (MWh).

v. **Integration cost adder.**

SDG&E will develop, in consultation with its Independent Evaluator and subject to review by its Procurement Review Group, an adder to capture costs associated with integrating renewable resources into SDG&E’s
overall energy and capacity portfolio. The adder may consider costs associated with ancillary services, load following capability or over-generation.

2. Portfolio fit

SDG&E does not select projects based on a pre-determined preference for a product type or technology type. The quantitative elements describe above, represent some cost impact to SDG&E’s portfolio and ensure the least-cost selections for the portfolio.

3. Credit and collateral requirements

Each 2010 RFO respondent will be required to complete, execute and submit a credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. However, SDG&E does not analyze credit worthiness as part of its bid evaluation process. If a project is shortlisted, a respondent's credit worthiness comes into play during contract negotiations if the bidder is asking for special credit and collateral considerations in a power purchase agreement.

4. Project Viability

SDG&E considers project viability as a qualitative factor and relies on the Energy Division's Project Viability Calculator and self-scores from the bidders. For projects SDG&E rejected due to low viability scores, SDG&E rescores the projects to affirm the bidder did not unfairly scored itself too low. For projects SDG&E shortlists, SDG&E rescores the project to affirm the bidder did not unfairly score itself too high.

5. Transmission Cost Adders

For offers for new projects or projects proposing to increase the size of existing facilities, SDG&E calculates costs for transmission network upgrades or additions, using the information provided through:

i. Transmission Cost Ranking Reports (“TRCR”) approved by the CPUC and provided by the bid respondent; or

ii. Transmission upgrade costs from a CAISO-approved completed System Impact Study for respondents that have completed such study for their proposed projects and are in the CAISO queue.

SDG&E anticipates that some bid respondents will fail to participate in a TRCR and will not provide a CAISO approved System Impact Study. Rather than considering these bids to be non-conforming, SDG&E may evaluate the offers in order to determine whether the bid’s All-in Price could provide a benefit to ratepayers. SDG&E will use TRCR’s to estimate transmission costs for these projects. SDG&E will impute costs for these projects only if the total MW’s in the applicable TRCR cluster could accommodate the non-conforming offer.

SDG&E assigns a transmission cost adder of zero dollars ($0) to projects proposing to interconnect to the distribution system because all such costs are attributable to the developer.
6. **Other Qualitative Factors**

As stated in its 2010 RPS Plan, SDG&E could also consider the following qualitative factors:

- Location
- Benefits to minority and low income areas
- Resource diversity
- Environmental stewardship, which may include the environmental impacts of Respondent’s proposed facility on California’s water quality, use, and water resource management consistent with the CPUC’s Water Action Plan.

7. **Impact of quantitative factors on the LCBF ranking process**

The quantitative factors described in II(A)(1) (Market Evaluation) above, establish the ranking of each bid from lowest to highest All-In Price. As mentioned earlier, SDG&E uses qualitative factors as tie-breakers for projects that have similar costs.

8. **Out-of-State Projects**

The evaluation method will not differ for out-of-state projects. The same method will be used to evaluate in-state offers versus out-of-state offers.

B. **Criteria Weightings**

1. **If a weighting system is used, please describe how each LCBF component is assigned a quantitative weighting. Discuss the rationale for the weightings.**

SDG&E does not use a weighting system in its LCBF process; each valuation category receives its full quantitative ranking. (SDG&E does note that the Energy Division’s Project Viability Calculator does have a built-in weighting system, which SDG&E adopted without revising the default values.)

2. **If a weighting system is not used, please describe how the LCBF evaluation criteria are used to rank bids.**

Bids are ranked using the quantitative factors described in Section II(A)(1) (Market Valuation) above. SDG&E then may consider qualitative factors, such as portfolio fit and project viability to differentiate bids with a similar All-In Price. This method makes it less likely that subjective bias will impact the ranking of a particular project.

3. **Discuss how the IOU LCBF methodology evaluates project commercial operation date relative to transmission upgrades required for the project.**

In general the implementation schedule of the upgrades needed for a particular project is not defined when bids are evaluated. The Project Viability Calculator includes a criterion based on the time needed for transmission upgrades. Bidders self-score their Project Viability Calculators but SDG&E rescores them for bids considered for shortlisting, which included a review of the transmission upgrade timing criterion.
4. Discuss how the LCBF methodology takes into account bids that may be more expensive, but have a high likelihood of resulting in viable projects.

SDG&E shortlists twice its estimated need, thus allowing for the possibility that a more expensive project could be more viable than a less expensive project. That is, if the lowest priced offers prove to be unviable, then SDG&E will have on its expanded shortlist more expensive projects that may be more realistically priced; the expanded shortlist is a hedge against unrealistic, “low-ball” offers.

C. Evaluation of utility-owned, turnkey, buyouts, and utility-affiliate projects

1. Describe how utility-owned projects are evaluated against PPAs

Utility-owned projects are evaluated using the same method as non-utility-owned turnkey projects (described below).

2. Describe how turnkey projects are evaluated against PPAs

SDG&E incorporates the turnkey cost, book and tax depreciation information into its cost of service model along with operating cost assumptions gathered from industry sources, relevant tax credit information (if applicable) and SDG&E’s authorized rate of return. The revenue requirements are then levelized over a twenty-year depreciable life, in the case of solar or wind projects, or a thirty-year depreciable life in the case of biomass, biogas, or geothermal projects.

3. Describe how buyout projects are evaluated against PPAs

SDG&E incorporates the buyout price, book and tax depreciation information into its cost of service model along with operating cost assumptions gathered from industry sources, relevant tax credit information (if applicable) and SDG&E’s authorized rate of return. The resulting calculation is then added to the cost of the PPA at the bid price from the proposed in-service date to the date of the buyout.

4. Describe how utility-affiliate projects are evaluated against non-affiliate projects

Affiliate projects are evaluated using the same method as non-affiliate projects. The Independent Evaluator conducts the LCBF scoring of all bids, including all affiliate bids.

III. Bid Evaluation and Selection Process

A. What is the process by which bids are received and evaluated, selected or rejected for shortlist inclusion, and further evaluated once on the shortlist?

The following lists procedural steps for receiving and evaluating bids:

1. Save offers and all incoming documents to a restricted, secured server.
2. Document each offer received in an Excel spreadsheet summarizing key characteristics such as: respondent name, alternative type, offer number,
technology, price, type of facility, product type (as available, unit firm, peaking, or baseload), offer amounts (MW), contract terms (10 year, 15 year, 20 year), etc.

3. File hardcopies of each bid in fireproof, locked cabinets.
4. Follow-up with respondents who have not submitted hardcopies.
5. Review each offer and populate the LCBF model.
6. Contact bidders for additional information if necessary.
7. Meet with the Independent Evaluator at least on a weekly basis. In practice, SDG&E spoke to the IE everyday since the IE populated the LCBF model.
8. Brief the PRG on a monthly basis.

B. What is the typical amount of time required for each part of the process?
The duration of the processing period is typically two weeks. The duration of the evaluation period is typically six to eight weeks.

C. How is the size of the shortlist determined?
The size of the shortlist is based upon twice SDG&E’s estimated need. Need will be estimated by using a probabilistic assessment of the success of projects under contract and in negotiations.

D. Are rejected bidders told why they were rejected? If so, what is the process?
SDG&E sends appreciation letters to unsuccessful bidders after receiving confirmation that shortlisted bidders have accepted their status on the shortlist. The appreciation letter states in general terms that the rejected project was not competitive on a least-cost, best-fit basis. Many bidders follow-up requesting feedback regarding their offer. If asked, SDG&E does tell bidders why their projects were rejected.

E. Describe involvement of the Independent Evaluator
In order to affirm the fairness of the process, the Independent Evaluator ("IE") provides feedback on every aspect of the RFO process, from the manner in which bids were collected, to the design of the LCBF model, to the manner in which a shortlist was selected. For 2010, the IE also performs inputs to the LCBF model. SDG&E holds weekly meetings with its IE to discuss the progress and method of bid processing and evaluation.

F. Describe involvement of the Procurement Review Group
SDG&E will brief its PRG during the course of RFO planning, bid review, and during the LCBF analysis. SDG&E will present the initial results of its bid evaluation process to its PRG for review before submitting its shortlist to the CPUC.

G. Discuss whether and how feedback on the solicitation process is requested from bidders (both successful and unsuccessful) after the solicitation is complete.
Although SDG&E does not specifically request feedback regarding the solicitation process, bidders are welcome to, and typically do, provide feedback by telephone or email. SDG&E’s RFO inbox remains accessible to bidders even after the solicitation is closed.
EVALUATING SHORT-TERM OFFERS
(TERM = 1 - 5 YEARS)

Although already mentioned in the RFO, it is important to reiterate that the PRG (Procurement Review Group) and IE (Independent Evaluator) will play key consultative roles during all phases of the solicitation, especially during offer evaluation.

SDG&E may extend the RFO due date IF the solicitation is not robust in quantity and variety of offers.

Initial Processing Of Offers
On the Due Date:
1. Save offers and all incoming documents to a restricted, secured server.
2. Block website from accepting offers after the closing deadline.
3. Each offer received will be documented in an Excel spreadsheet summarizing key characteristics such as: Respondent name, alternative type, offer number, technology, price, type of facility, product type, offer amounts (MW) and contract term.
4. File hardcopies of each bid in fireproof, locked cabinets.
5. Follow-up with respondents who have not submitted hardcopies.

Evaluating the Offers
The following outline describes the method which will be utilized to evaluate, rank and shortlist offers.

1. Obtain conventional forward market data (Source: Tullet).
   a. Determine last publication date and choose number of days
   b. Obtain data
   c. Average data

2. Decompose (see below*) aggregate average real historical market prices into Low Load Hours (LLH) and High Load Hours (HLH) by month and year

3. Obtain REC forward value (Source: Evo Markets)

4. Obtain Short Term Resource Adequacy (RA) service prices from old bids and executed transactions (Source: Average price from 2007/08/09 RFO and recent SDG&E RA auctions) and convert units to $/MWH as appropriate.

5. Baseline price for each hour = decomposed average forward market price data for each hour + REC forward value

6. For transactions that claim provision for RA: RA-Adjusted Baseline price = Baseline price + RA adder for all hours offered. [Since some technologies have a lower probability of production at peak hours, for RA purposes, an adjustment to the offer will be made based on the capacity. Adder will be (1 - RA Rating) * (ST RA Market price). For example wind RA rating is 0.24 and geothermal is 1.0.]

7. Compute Benefit to Cost Ratio (B/C) -
   a. Compute difference between Baseline (or adjusted Baseline as appropriate) and offer prices hour for hour within appropriate year only
   b. This difference (weighted by the delivered energy by hour) will be the benefit. Use the average of these as "Benefit" in B/C ratio.
   c. Compute "Cost" in the B/C ratio as the average (weighted by hourly delivered energy of the delivered $/MWH bid prices
8. Within a year in the range 2009 - 2013, rank B/C for the bids made that year (B/C results as computed in Step 7)
   a. For each year, rank the bids made for that year in descending B/C order.
   b. Short List every bid with a B/C ratio > 1. Those with B/C ratios less than 1 will be considered on a case-by-case basis, depending on the short-list from the long-term offers.

9. Adjustment for delivery will be added to bids where appropriate. It will be derived from Cal ISO LMP study.

Notes:
- Since for each year there is benefit to meeting or exceeding the goal and SDG&E is currently short in all the years, no inter year comparison will be needed. However, if such a need arises, the B/C ratio for a probability of realization times the 50$/MWH penalty will be added to the distant bid cost.
- Since both Benefit and Cost will be discounted with the same function, the ratio will be unaffected by a discount rate. No discounting will be done.
- If a bid is uniformly less than the appropriate baseline, it follows from the method that it will be short listed.
- Where necessary, capacity prices in $ / kW-time period will be converted to energy units ($/MWH) as an average capacity rent for the appropriate time period.
  (e.g. 1.0 kW-yr * 8760 hrs/yr * 0.0001 MW / kW = 8.76 MWH)

* Decomposition Method:
  1. Obtain historical data (Cal ISO ex-post) from ESSA.
  2. Decompose into HLH / LLH by SP15 definitions
  3. Find average price for HLH and LLH by day
  4. Use hourly price divided by period average price to arrive at % of average price for each hour
  5. Multiply % of average constants times the appropriate value from the market average price(s) to arrive at the hourly forward price
APPENDIX D
IMPORTANT PLAN CHANGES
FROM 2009 TO 2010
# Important Plan Changes from 2009 to 2010

<table>
<thead>
<tr>
<th>Element</th>
<th>2009 Plan</th>
<th>2010 Plan</th>
<th>Explanation / Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilot Program</td>
<td>None.</td>
<td>SDG&amp;E is proposing to implement a five year Pilot Program for Commission pre-approval of a limited amount of near-term, short-term RPS buy/sell transactions.</td>
<td>This proposed program will reduce the administrative burden associated with review of short-term contracts and allow SDG&amp;E to expeditiously secure fleeting opportunities frequently associated with short term contracts.</td>
</tr>
<tr>
<td>LCBF Time-of-Delivery Cost Adjustment</td>
<td>SDG&amp;E used an energy-only approach to setting Time-of-Use (a.k.a. Time-of-Delivery) factors.</td>
<td>An all-in TOD factor that includes a capacity value will be used.</td>
<td>An all-in TOD factor is consistent with other IOUs.</td>
</tr>
<tr>
<td>LCBF RA Adder</td>
<td>A Resource Adequacy Adder was used to calculate the additional cost of capacity since TOD factors were based on energy-only calculations.</td>
<td>Now that SDG&amp;E will use all-in TOD factors that include capacity value in the calculation, RA Adder will be discontinued.</td>
<td>With the adoption of all-in TOD factors, the RA Adder must be discontinued to avoid double counting of capacity value.</td>
</tr>
<tr>
<td>LCBF Duration Equalization</td>
<td>To equalize offers of varying terms and start dates, SDG&amp;E used weighted average bid prices from the 2008 shortlist to approximate beginning and end effects.</td>
<td>SDG&amp;E will not equalize bids with varying terms and start dates.</td>
<td>The RFOs specify a timeframe when projects must begin deliveries. Because the delivery window is within a very short time span, applying beginning and end effects has very little impact on a project’s relative ranking. For the 2008 and 2009 RFOs, duration equalization did not materially impact final rankings, SDG&amp;E’s shortlisting criteria, and the composition of the final shortlist.</td>
</tr>
<tr>
<td>LCBF Integration Costs</td>
<td></td>
<td>SDG&amp;E is seeking Commission approval to include an Integration Cost Adder to in the 2010 LCBF evaluation.</td>
<td>As SDG&amp;E integrates more renewable within its overall resource portfolio, integration costs must be considered to account for real costs associated with renewable energy.</td>
</tr>
<tr>
<td>Pricing Forms</td>
<td>A few bidders contacted SDG&amp;E to provide feedback on pricing forms.</td>
<td>SDG&amp;E is making revisions to the pricing form to capture suggestions from bidders, automate certain inputs and reduce bidder errors.</td>
<td>To the extent SDG&amp;E can make bid forms simpler or more user-friendly, SDG&amp;E will do so.</td>
</tr>
<tr>
<td>Request for Offer</td>
<td>For projects located within SDG&amp;E’s service area, the minimum project size was 1.5 MW.</td>
<td>The minimum project size will be 3 MW if SDG&amp;E’s Feed-in Tariff increases to 3 MW when the RPS solicitation is issued.</td>
<td>The Feed-in Tariff will accommodate smaller sized resources.</td>
</tr>
</tbody>
</table>
APPENDIX E
REDLINED VERSION OF
THE PLAN (ATTACHMENT 1)
AND ALL APPENDICES
ATTACHMENT 1

2010 RPS

SAN DIEGO GAS & ELECTRIC COMPANY

2009 RENEWABLES PROCUREMENT PLAN
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OTHER: ANYTHING ELSE NECESSARY FOR A FULL AND COMPLETE PRESENTATION OF ITS 2009 RPS PROCUREMENT PLAN FOR THE COMMISSION’S CONSIDERATION, AS RECOMMENDED BY THE IOU FOR COMMISSION ADOPTION.

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15. LESSONS LEARNED: IDENTIFY AND SUMMARIZE ANY IMPORTANT LESSONS LEARNED OVER THE LAST FEW YEARS AND PROCUREMENT CYCLES.

16. IMPORTANT CHANGES

A VERSION OF THE 2009 RPS PLAN THAT IS “REDLINED” TO IDENTIFY THE CHANGES FROM THE 2008 PLAN.
I. INTRODUCTION AND BACKGROUND

In accordance with the direction provided by the Public Utilities Commission (the “Commission”) in the Amended Scoping Memo and Ruling of Assigned Commissioner Regarding 2009-2010 RPS Procurement Plans (the “ACR”), issued in R.06-05-02708-08-009 on June 20, 2008, the subsequent Administrative Law Judge’s Ruling Regarding Revised Schedule For 2009 RPS Procurement Plans (the “ALJ Ruling”) issued on August 12, 2008, and D.09-06-018, issued June 8November 2, 2009, SDG&E hereby submits its revised 2009 renewables portfolio standard proposed 2010 Renewables Portfolio Standard (“RPS”) Procurement Plan (the “Plan”).

In the ACR and subsequent ALJ Ruling, the Commission established a schedule for submission of draft 2009 RPS Plans and set forth certain elements that must be included in all draft Plans. Attachment A of the ACR identifies documents that must be submitted with each Plan and directs that the Plans include additional a Complete 2010 Plan includes information in the following format:

A. Program Overview and Metrics

1. Overview: An assessment and discussion of:

   1.1. Supplies and demand to determine the optimal mix of RPS resources (including the analysis used to determine the optimal mix, with the underlying assumptions clearly stated),
   1.2. The use of compliance flexibility mechanisms, and
   1.3. A bid solicitation setting forth relevant need, online dates, and locational preferences, if any.

2. Program Metrics: Data and information for each year from 2003 through Workplan to Reach 20% By 2010 and 33% by 2020: A showing on each LSE’s workplan to reach 20% by 2010, and 33% by 2020 including but not limited to: 2013 (with actuals, estimates or forecasts drawn from the most recently filed Project Development Status Report and/or Compliance Report, as appropriate) of:

   2.1. Retail sales,
2.2. Annual procurement targets,
2.3. RPS-eligible procurement,
2.4. Use of flexible compliance,
2.5. Use of above-market funds (AMFs),
2.6. Reasonable use of a procurement margin of safety to account for potential contract failure and other contingencies (see D.06-05-039, pp. 21-24) and
2.7. Any other relevant data and information regarding sales, targets, procurement, flexible compliance, margins of safety or other related matters to make a complete presentation on program metrics.

B. Selected Program Specifics

3. Standard Terms and Conditions (STCs): Specifically regarding STCs (both modifiable and non-modifiable), a matrix that: (a) identifies each STC from Decision 08-04-009; (b) states the parallel term in the 2009 model contract(s); (c) identifies any differences; (e) explains or justifies any variation from the STCs adopted in D.08-04-009, or as later modified by the Commission; and (f) provides any other information respondent believes necessary for the Commission to make an informed decision regarding any proposed changes from a Commission-adopted STC.

4. Transmission and Flexible Delivery: A statement of specific considerations, if any, to facilitate Program success relative to:

4.1. Transmission, including use of flexible delivery points, efforts to ensure the availability of needed transmission, and efforts to construct needed facilities (re: Pub. Util. Code § 399.14(a)(2)(C)(ii));
4.2. Anything else on transmission and flexible delivery necessary for a full consideration of this issue.

5. Transmission Ranking Cost Report (TRCR): Discuss experience with the current TRCR process, and recommended improvements for consideration, if any, including:

5.1. Given the Generation Interconnection Process Reform (GIPR) of the California Independent System Operator (CAISO), and the proposed timing for interconnection studies, should negotiations only occur with those projects that are part of the Serial Group, are part of the Transition Cluster, or apply for interconnection before the closing of the “First Queue Cluster Window?”
5.2. Should information from the Scoping and Results Meetings scheduled in 2009 for the GIPR Transition Cluster be used, as available, to update TRCRs, other estimates of transmission costs, and proposed online dates being applied in bid evaluations and contract negotiations?
5.3. If so, are there any procedural problems which must be considered to ensure that information from these Scoping and Results Meetings may be integrated into the IOUs’ evaluations and negotiations?
6. **Bid Evaluation:** A statement identifying any modifications to how bids are evaluated and ranked according to the least-cost, best-fit methodology, including evaluation and ranking of out-of-state resources and short-term contracts.

7. **Resource Planning:** A discussion of procurement practices (historic and prospective) considering recent Progress Development Status Reports, Compliance Reports and available AMFs. This should include an assessment of the need determination relative to (a) signed and Commission-approved contracts, and (b) contract failure assumptions.

8. **Coordination of Procurement Process:** Should the Commission take a position on whether or not an IOU may execute exclusivity agreements with bidders prior to formal notification to all bidders?
   - 8.1 Does an IOU now have the option when to execute an exclusivity agreement?
   - 8.2 What are the reasons for and against IOUs either (a) being permitted discretion if and when to execute an exclusivity agreement or (b) being required to execute an exclusivity agreement no sooner than a certain date in the procurement cycle?

9. 2.1 Identification of any impediments that remain to reaching 20% by 2010, and 33% by 2020, and
   - 2.2 What the IOU is doing, or plans to do, to address each impediment, if anything.

3. **Build Own Resources:** A showing on the IOU’s current consideration of whether or not to build its own renewable generation to reach 20% by 2010 (D.06-05-039, pp. 33-34; D.07-02-011, pp. 23-25; D.08-02-008, pp. 32-35) and 33% by 2020. This showing must identify specific projects currently under consideration. It must also identify specific generic additions currently under consideration (e.g., 50 MW of utility-owned biomass in 2012, even if the specific location and plant name are unknown). If the IOU has decided not to consider this option, the showing must include the IOU’s reasons and justification for that decision.

10. **Workplan to Research 20% By 2010:** A showing on each LSE’s workplan to reach 20% by 2010, including but not limited to:
   - 10.1 Identification of any impediments that remain to reaching 20% by 2010, and
   - 10.2 What the LSE is doing, or plans to do, to address each impediment, if anything.

11. **Contract Amendments:** If conditions change (e.g., commercial operation date, project size, project owner, a project’s costs relative to the contract price), one or both parties may seek to amend an RPS contract. Some changes or amendments might be
within the context of “contract administration.” Others might require Commission review and acceptance. In this context:

11.1. Please identify specific changes or amendments which the IOU believes to be within the scope of “contract administration.”
11.2. Please identify specific changes or amendments which the IOU would plan to bring to the Commission for consideration.
11.3. Of those brought to the Commission, please identify those which the IOU would propose to bring (a) as part of an Energy Resource Recovery Account (ERRA) review; (b) by advice letter and if by advice letter under what tier, (c) via formal application, or (d) other.

12. Cost-Containment: IOUs are asked to address cost-containment as it relates to the 2009 Plans and going forward.

12.1. Generally: All stakeholders share a responsibility to do everything reasonably possible to meet or exceed program goals while minimizing total program costs. Please comment on whether there are additional contract terms, contract or program incentives, or other contract or program features that should be considered in order to promote a robust market while minimizing costs to ratepayers.
12.2. Specifically: Please comment on one specific aspect of the 2009 Plans: time of use (TOU) periods and allocation factors. TOU periods and allocation factors may differ in the coming years from current periods and factors. This may be the case, for example, if load curves vary from current patterns in the next decade and beyond as new sources and uses emerge (e.g., wide-spread use of plug-in hybrid electric vehicles (PHEV) using electricity off-peak, sales of PHEV stored energy back to the utility during peak, implementation of other storage technologies, widespread penetration of advanced (smart) meters, more robust use of prices to balance supply and demand). TOU benchmarking may be important, but no party has yet presented a methodology that is sufficiently developed, documented or explained to merit its explicit endorsement or adoption by the Commission. (D.06-05-039, Finding of Fact 30.) At the same time, RPS model contracts may fix TOU periods and allocation factors for the life of the contract. In this context, please comment on:

12.2.1. Does your RPS Procurement Plan and/or model contract(s) fix TOU periods and allocation factors for the life of the contract?
12.2.2. If they are not fixed, what are your proposed methods to update TOU periods and allocation factors?
12.2.3. If they are fixed, is it reasonable that TOU periods and allocation factors remain fixed over the life of the contract? Please state reasons in support and against fixing these terms for the life of the contract.
12.2.4. If they are fixed, are there reasonable ways to allow updates to TOU periods and allocation factors once or more over the life of the contract? What are the possible options? Please identify advantages and disadvantages of the options.

134. Imperial Valley Issues:

4.1. Bidders Conference: A brief report on experience with the 2009 Imperial Valley bidders conference, and recommendation on whether or not the Commission should direct each IOU to conduct another Imperial Valley bidders conference in 2010.

4.2. Remedial Measures for 2010: A brief report on Imperial Valley results from the 2009 solicitation, and a recommendation on whether or not the Commission should adopt any remedial measures relative to Imperial Valley for 2010 (e.g., automatic short listing, Imperial Valley bid evaluation metric, special Imperial Valley solicitation, other).

5. SDG&E TOU Factors: If SDG&E has not yet made this showing in another proceeding, SDG&E must explain why it uses an energy-only approach to setting time-of-use (TOU) factors, and provide both energy-only and all-in factors.

6. Contract Amendments: Respondents and parties should comment on a new Commission proposal to streamline approval of contract amendments. The proposal establishes three levels of Commission review. Routine contract administration items, such as minor modification of project milestones, would be reviewed by the Commission as part of annual ERRA filings. Additional procurement at a Commission approved price would be reviewed under a Tier 1 Advice Letter. All other amendments, including contract changes which would increase costs to ratepayers would be reviewed under a Tier 3 Advice Letter.

7. Other: Anything else necessary for a full and complete presentation to the commission of its 2009 the IOU’s 2010 RPS Procurement Plan for the Commission’s consideration, as recommended by the IOU for Commission adoption acceptance.
C. Plan Coordination, Lessons Learned, Changes

14. Efforts to Coordinate: A statement that describes the efforts undertaken to coordinate the form and format of the 2009 Plans, plus improvements to the model contracts. The statement should also report on the successes or difficulties with that effort.

15. Lessons Learned: Identify and summarize any important lessons learned over the last few years and procurement cycles.

16. Important Changes: A statement identifying and summarizing the important changes between the 2009 and 2010 Plans. This might be a table or bullet point presentation. In addition to identifying and summarizing the important changes, the Plan should also include a brief explanation and justification for each important change from 2008 to 2009 to 2009 to 2010.

17. Redlined Copy: A version of the 2009 Plan that is “redlined” to identify the changes from the 2008 Plan, with a copy for Energy Division, the Administrative Law Judge and any party who requests a copy.
II. 2009-2010 RENEWABLES PROCUREMENT PLAN

A. PROGRAM OVERVIEW AND METRICS

1. OVERVIEW

SDG&E’s 2009-2010 Renewable Portfolio Standard (“RPS”) Procurement Plan is designed to achieve the goal of two goals: (a) serving 20% of its 2010 retail sales with as much delivered renewable energy by 2010 and, in accordance with its Long Term Procurement Plan, of adding an additional 1% of cost effective renewable energy each year in order as possible, (b) maintain a procurement trajectory to achieve a 33% by 2020 goal—As is, both within a Least-Cost/Best-Fit (“LCBF”) framework. As explained in more detail herein, in order to accomplish this aim within the brief period of time remaining before compliance year 2010 its goals, SDG&E intends to rely upon use of flexible compliance mechanisms in the years 2010 and later, and will solicit/ implement a work plan that will include soliciting short-term contracts in its 2009 RFO 2010 RPS solicitation, implementing a pilot program for Commission pre-approval of a limited amount of near-term, short-term RPS-eligible transactions, considering bilateral proposals if such opportunity is presented to SDG&E and pursuing utility ownership when economical and prudent. In case SDG&E is unable to achieve the 20% procurement target by 2010 on a deliverable basis, SDG&E has accumulated a sufficient amount in its procurement bank to cover any shortfalls.
1.1 SUPPLIES AND DEMAND TO DETERMINE THE OPTIMAL MIX OF RPS RESOURCES (INCLUDING THE ANALYSIS USED TO DETERMINE THE OPTIMAL MIX, WITH THE UNDERLYING ASSUMPTIONS CLEARLY STATED)

SDG&E has been successful in adding renewable resources in previous solicitations that represent a diversified portfolio of technologies suitable for SDG&E’s resource needs. SDG&E’s goal is to continue to promote a renewable mix that is wide-ranging in technology types and allows SDG&E to pursue a combination of both power purchase and ownership options, including turn-key and joint venture. It is important to note, however, that procuring an optimal mix is not possible to the extent that renewable resources is limited inasmuch as SDG&E is under a directive to comply with the 20% and 33% RPS obligations and the required evaluation methodology does not consider optimal fit as an LCBF element. The Commission makes no provision in its RPS compliance rules to allow a utility to wait for “optimal” resources to be offered into its RFO solicitations. The goal of the RPS program is to achieve 20% to 33% within a specified time period. As such, the selection of renewable resources is not driven by the objective of procuring an optimal mix of resources, but rather is determined, in accordance with RPS rules, by an assessment based upon quality, price and terms of offers submitted, of which resources will allow. In essence, SDG&E is required to meet RPS requirements in the most expeditious and cost-effective manner. For example, SDG&E may be prevented from procuring a particular technology due to the lack of offers, or at least reasonably priced offers, for a certain technology. As SDG&E will discuss in Section 15, over the past two solicitation cycles, the majority of offers bid into SDG&E’s 2008 RFO were from have been solar thermal or solar photovoltaic (“PV”)
projects, a more expensive technology. SDG&E projects that this trend will continue as “low hanging fruit” – i.e., other, less expensive technologies – diminish. This will restrict SDG&E’s ability to design an optimal mix of renewable resources.
1.2 **THE USE OF COMPLIANCE FLEXIBILITY MECHANISMS**

To the extent that it is necessary to do so, SDG&E will avail itself of the flexibility mechanisms permitted under the RPS program, including: (1) the ability to sign bilateral agreements including short-term contracts; (2) the ability to bank purchases in excess of the Annual Procurement Target (“APT”); (3) the ability to withdraw if necessary from the bank to make up for purchase shortfalls; (4) the ability to earmark contracts for purchase shortfalls; and (5) the ability to carry forward shortfalls for three years.
1.3 A BID SOLICITATION SETTING FORTH RELEVANT NEED, ONLINE DATES, AND LOCATIONAL PREFERENCES, IF ANY

SDG&E intends to issue an Request for Offers (“RFO”) in 20092010 seeking additional offers in accordance with RPS requirements established by the Commission and the California Energy Commission; (“CEC”). The RFO will solicit bids from all RPS-eligible technologies of renewable projects that are located anywhere in California, as well as outside of California provided that the renewable project located outside the State meets the requirements set forth in Public Utilities Code Section 399.16 and CEC eligibility requirements.

Included in SDG&E’s 20092010 RFO will be a new section intended to encourage bids from projects served by the recently-approved Sunrise Powerlink transmission line (“Sunrise” or “SPL”). The section describes outreach efforts aimed at such projects, including:

1) Hosting a special pre-bid conference in El Centro, California where SDG&E will explain:

a. The key elements of the Commission’s decision approving Sunrise;
b. The size, route, status and construction schedule of Sunrise;
c. The estimate of 1,900 megawatts (MW) of Imperial Valley renewables expected to be delivered over Sunrise by 2015, with more than half of that development from high capacity geothermal resources, and
d. SDG&E’s commitments to:
   1. Not contract for any length of term with conventional coal generators that deliver power via Sunrise,
   2. Replace any approved renewable energy contract deliverable via Sunrise that fails with a viable contract with a renewable generator located in the Imperial Valley region (e.g., a minimum of 2,253 gigawatt-hours (GWh) per year) and
   3. Voluntarily raise its RPS goal to 33% by 2020.

The Commission approved SDG&E’s application for approval of the Sunrise Powerlink in D.08-12-058.
2) The due date for offers from the projects served by the SPL Region will be extended by two weeks.

3) To help alleviate upload traffic on the due date, Respondents submitting offers for projects located in the SPL Region will upload bids via a special, dedicated upload link. See the RFO website for instructions to obtain a username/password combination to upload bids via this dedicated link.

Attached as Appendix A is the proposed RFO that SDG&E intends to issue for its 2009 RPS program solicitation. SDG&E has also includes as Appendix B all RFO accompanying documents including offer forms and its revised pro forma power purchase agreement ("PPA").

3) Subsequent to the issuance of D.09-06-050, SDG&E revised the pro forma agreement to accommodate very short term offers (one month to 4 years) and moderately short term offers (4 years to 10 years). SDG&E intends to use one pro forma for both short and long term agreements. In accordance with D.09-06-050, the revised pro forma is included with this compliance filing—The Project Development Fee for shortlisted SPL Projects will be waived.

SDG&E’s RFO will solicit capacity and energy services from repowered, upgraded or new facilities. Products may include unit firm or as-available deliveries starting in 2010, 2011, 2012, or 2013 through 2015 for short-term contracts less than ten years or long-term contracts of 10 years, 15 years, one month to 20-years or longer terms.

SDG&E intends to solicit bids from renewable facilities that meet the requirements for eligible facilities as specified in SB 1078, SB 107 and as established by the CEC. The 2009 RFO allows sellers to offer renewable products from generation plants connected anywhere to the WECC transmission system, as long as the energy can be delivered into California. Arrangements to have the energy delivered to a point of delivery within the CAISO system will be a negotiated term where either the buyer or
seller must undertake such arrangement. SDG&E will evaluate all resources on an equal basis using a Least-Cost/Best-Fit (“LCBF”) evaluation methodology that has:

1) been used in previous solicitation, and
2) been reviewed by its Independent Evaluator (“IE”). SDG&E intends to count renewable resources towards its resource adequacy requirement and will evaluate each offer and include in its overall evaluation criteria any costs / benefits associated with resource adequacy. SDG&E’s ability to procure from certain areas within California could be impacted by planned transmission additions. The lack of timely transmission additions will have a potential severe impact on certain project development in areas where transmission constraints and congestion are expected to exist, including resources that may locate in the eastern portion of San Diego County, the Imperial Valley, northern Mexico and Tehachapi areas.

Threshold requirements of SDG&E’s 2009 RFO include:

SDG&E will evaluate all resources using the same LCBF evaluation methodology that has been reviewed by its Independent Evaluator (“IE”). Threshold requirements of SDG&E’s 2010 RFO include:

(i) Projects within SDG&E’s service area must be greater than or equal to 1.5 MW, net of all auxiliary and station parasitic loads. At the time SDG&E issues the RFO, this minimum size requirement may require amendment in order to conform with changes made by the Commission to the feed-in tariff (“FIT”) eligibility requirements, if any.

(ii) Projects outside of SDG&E’s service area must be greater than or equal to 5 MW, net of all auxiliary and station parasitic loads.

(iii) Respondents are required to satisfy all requirements established by the Commission and CEC, for participation in the RPS Program. Resources must be certifiable by the CEC as an RPS-eligible renewable resource. Any purchases entered into between respondents and SDG&E will be subject to

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2 If SDG&E selects out-of-state offers, such offers will also be subject to approval by the CEC in accordance with the CEC’s latest Renewable Guidebook and in accordance with P.U. Code Section 399.16.
the RPS requirements established by the Commission and eligibility requirements specified by the CEC.

(iv) Respondents must be willing to execute an agreement in substantially the form of SDG&E’s pro forma Power Purchase Agreement ("PPA").

Attached as Appendix A is the proposed RFO that SDG&E intends to issue for its 2010 RPS solicitation. SDG&E has also included as Appendix B all RFO accompanying documents including offer forms and its pro forma PPA. The proforma will accommodate both short- and long-term PPAs. Appendix B also contains SDG&E’s Feed-in Tariff ("Renewable Power Purchase and Interconnection Agreement for Public Water or Wastewater Agencies").

The evaluation criteria set forth in the RFO is consistent with the directives contained in applicable Commission decisions, including D.03-06-071, D.04-06-013 and D.04-07-029. Bids will be assessed in an LCBF ranking price based upon the all-in price, (including capacity and energy, charges), time of delivery adjustment, transmission upgrade costs, and congestion costs/credits, resource adequacy. For its 2010 LCBF, SDG&E is proposing that the Commission grant SDG&E authorization to assess an integration cost adder to each bid as well. The integration cost could account for costs created by certain resources that require additional ancillary services, load following capability or benefits, and duration equalization adders, if applicable, over-generation, would be developed jointly with SDG&E’s IE and reviewed by the Procurement Review Group ("PRG") in advance of bids being submitted. If the California Independent System Operator ("CAISO") or CEC issues a report or recommendation on integration costs values or methodology, SDG&E would consider such recommendations as well. Currently the Commission directs Investor Owned Utilities ("IOUs") to follow the CEC
determination that integration costs are negligible. However, SDG&E believes that integration costs are real and material, and therefore proposed to include such a cost adder to its 2008 LCBF evaluation. This adding an adder would ensure that the true cost of the addition of a renewable resource is known at the time of contracting. While the Commission in D.08-02-008 declined to permit SDG&E to include integration cost adders as a component of its LCBF, SDG&E continues to believe that the true and complete cost of renewables must be fully considered, particularly where the State is considering an increase of the renewables procurement requirement to 33%. especially now that the California RPS is heading towards 33% and most new resources, being wind and solar, are intermittent in nature.

SDG&E may use production cost modeling to further evaluate short-listed offers and see how each projects dispatches within the existing portfolio of SDG&E resources. This exercise becomes particularly useful as SDG&E approaches its 20% renewable goal procurement targets and is able to be more selective in its procurement. The ability to integrate and accept for delivery as-available renewable power is an issue that is largely handled by the CAISO;

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An integration cost adder could take into account the added costs created by certain resources that require additional ancillary services, load following capability or over-generation as part of LCBF.
the CAISO has been studying the impact of increased levels of renewable power from the perspective of reliability and has issued a report outlining its concerns and conclusions. The CAISO may in the future propose an integration cost estimate. SDG&E could use such a proposed cost estimate if it is issued by the CAISO.

Pursuant to D.04-07-029 issued on July 8, 2004, qualitative factors will be used as tie-breakers to differentiate projects with similar all-in cost. These factors include (in no particular order of preference):

- Project Viability
- Local reliability
- Benefits to low income or minority communities
- Resource diversity
- Environmental stewardship

The Project Viability qualitative factor will be measured using the Project Viability Calculator (“PVC”) developed by the Commission’s Energy Division. Although the results of the PVC will not be used quantitatively, SDG&E may consider viability as a qualitative factor and will include the PVC in its solicitation materials to provide potential bidders with the ability to self-assess project viability. SDG&E will encourage potential bidders to refrain from proposing a project if their viability score is low, as it would be unlikely for SDG&E to shortlist a project with a low score, regardless of the price. To affirm bidders’ self-scores, SDG&E will re-score projects it intends to shortlist and those it is rejecting due to low viability scores. This is to ensure that projects that meet the viability threshold are not overly optimistic and projects that are rejected are not being overly pessimistic.
SDG&E’s description of its bid evaluation criteria using the LCBF Written Report Template prepared by the Energy Division is attached as Appendix C. This document describes the methodology for processing and performing LCBF evaluation for all offers submitted in SDG&E’s RFO. The intent is to implement a systematic approach to assessing the merits of all offers using the established LCBF quantitative factors and without prejudice for or against a particular respondent or particular product type. SDG&E is proposing that short-term offers and long term offers be evaluated using different methodologies. As a result, SDG&E has appended to this LCBF Written Report Template a separate discussion regarding its approach to evaluation of short-term contracts.

SDG&E may utilize outside consultants to perform analysis and to provide overall support for the solicitation. In addition SDG&E will continue to utilize an Independent Evaluator (“IE”) for the 2009-2010 RFO. The IE will provide an independent review of SDG&E’s the entire RFO process and will review SDG&E’s, including the evaluation criteria, pre-screening method, cost modeling efforts, short-listing and final selections. In addition, the IE will populate SDG&E’s LCBF model, participate in PRG meetings and will submit a final report on his/her findings. SDG&E intends to will include the IE’s final reportIE reports as part of its advice letter filing(s) filings seeking Commission approval of any contracts that result from this RFO process. To the extent the IE’s report contains confidential information, a redacted version of the report versions will be made available to the public. The intent is to ensure free and open communication between the IE and the Commission. SDG&E is
committed to conducting an open and transparent solicitation, and to ensuring a fair, reasonable and competitive process.

SDG&E will brief its Procurement Review Group ("PRG") on a periodic basis during the course of the solicitation and seek feedback on SDG&E’s evaluation, selection and negotiations. SDG&E will seek approval of any agreement resulting from the RFO via the Commission’s advice letter filing process.

SDG&E recognizes that RFOs are only one means of procurement. The Western Electricity Coordinating Council ("WECC") has a well-established and liquid bilateral market. SDG&E, for the benefit of its ratepayers, intends to make full use of this valuable source of renewable supply. Not only is the bilateral market an important tool for procurement, it is available year-round. RPS RFOs, by contrast, tend to be an annual batch-processing of commercial arrangements. SDG&E anticipates that it may seek approval for bilateral renewable contracts with developers who were unable to participate in the previous RFO solicitation and who are unable to wait until the next RFO solicitation. SDG&E is mindful that bilateral resources must be cost-effective when compared against projects that bid into past RFO solicitations. SDG&E’s ability to consider offers received in response to all-source, non-RPS RFOs, as well as bilateral offers, will widen the scope of resources available to SDG&E. To the extent that a bilateral offer complies with RPS program requirements, fits within SDG&E’s resource needs, is competitive when compared against recent RFO offers and provides benefits to SDG&E customers, SDG&E will pursue such an agreement. SDG&E will brief its PRG prior to undertaking substantial during negotiations in connection with such agreements.
2. PROGRAM METRICS

2.1 RETAIL SALES; ANNUAL PROCUREMENT TARGETS; RPS-ELIGIBLE PROCUREMENT, AND USE OF FLEXIBLE COMPLIANCE

SDG&E’s projected retail sales, Annual Procurement Target (‘‘APT’’), projected RPS-eligible procurement, WORKPLAN TO REACH 20% BY 2010 and use of flexible compliance for 2009 is set forth in the attached Confidential Appendix D. Assuming that all resources deliver as contracted, SDG&E projects that it will meet its 2009 APT. To the extent that SDG&E exceeds its 2009 APT, it will bank its surplus in order to cover future APT shortfalls, if any, including shortfalls in year 2010 and beyond. If resources do not deliver as expected, SDG&E will either withdraw from its surplus procurement bank in order to make-up the shortfall or will carry-over deficit according to applicable procedures.

A detailed discussion of the elements required in the ACR (retail sales, annual procurement targets, RPS-eligible procurement) is set forth in Appendix D, SDG&E’s RPS Procurement Plan 2003—2013 Report.

2.5 USE OF ABOVE MARKET FUNDS (AMFs)

SDG&E plans to continue procuring competitively priced renewables and submitting renewables PPAs for the Commission’s consideration even after having depleted its AMF funds.

2.6 REASONABLE USE OF A PROCUREMENT MARGIN OF SAFETY TO ACCOUNT FOR POTENTIAL CONTRACT FAILURE AND OTHER CONTINGENCIES

The prospect of contract failure in an emerging market such as the market for renewable energy is real. Accordingly, SDG&E has adopted a strategy of procuring in excess of its 20% RPS requirement. Specifically, it has set a goal of contracting for deliveries up to 24%–26% of its retail sales in 2011 through 2013. (See Confidential
Appendix D) If SDG&E continues to procure renewables at the incremental rate shown on the spreadsheet, SDG&E will be on a trajectory to achieve 33% by 2020. The margin of safety is intended to provide protection against existing resources that under-deliver their expected volumes, new resources that are delayed in achieving commercial operation and absolute project failures.

2.7 ANY OTHER RELEVANT DATA AND INFORMATION

B. SELECTED PROGRAM SPECIFICS

3. STANDARD TERMS AND CONDITIONS

Appendix F provides a matrix that: (a) identifies each STC from Decision 08-04-009; (b) states the parallel term in the 2009 model contract; (c) identifies any differences; (d) explains or justifies any variation from the STCs adopted in D.08-04-009, or as later modified by the Commission; and (e) provides any other information respondent believes necessary for the Commission to make an informed decision regarding any proposed changes from a Commission-adopted STC.

SDG&E notes that the matrix required above creates formatting difficulties and provides a product with unnecessary clutter, thus hindering the objective of the matrix—identifying changes in STCs. SDG&E respectfully proposes that in future filings, IOUs instead provide simple redlines of changes to modifiable STCs and justification for the proposed change. A representation stating that no changes have been made to the non-modifiable STCs should also accompany the filing.

4. TRANSMISSION AND FLEXIBLE DELIVERY

4.1 TRANSMISSION, INCLUDING USE OF FLEXIBLE DELIVERY POINTS, EFFORTS TO ENSURE THE AVAILABILITY OF NEEDED TRANSMISSION, AND EFFORTS TO CONSTRUCT NEEDED FACILITIES

On December 18, 2009, the Commission adopted D.08-12-058 granting SDG&E a certificate of public convenience and necessity (“CPCN”) for construction of its
proposed Sunrise Powerlink Transmission Project ("Sunrise" or "SPL"). Since approval of Sunrise, SDG&E has moved forward expeditiously to ensure that Sunrise comes in service as soon as possible in order to facilitate renewable energy deliveries into SDG&E’s load center.

Although SPL provides access to renewable-rich areas in the Imperial County, eastern San Diego County and northern Mexico, SDG&E’s 2009 RFO will allow respondents to interconnect anywhere in the WECC, provided that they are able to deliver to a point within California. SDG&E will evaluate the cost of congestion between the contract delivery point and the SDG&E LAP, seeking an all-in cost of the resource that is competitive under the LCBF analysis. The decision as to where the contract delivery point will be depends upon the respective expectations of the buyer and the seller regarding the costs of congestion over the life of the contract and is simply another deal term to be negotiated as part of the total value of the contract.

Transmission constraints may compel SDG&E to make use of flexible RPS eligibility rules established by the CEC. If the opportunity presents itself, and to the extent it would be cost-effective to do so, SDG&E may enter into contracts involving shaping and firming of out-of-state resources similar to the contract SDG&E executed with NaturEner Glacier Wind Energy and NaturEner Rim Rock.

5. EXPERIENCE WITH THE CURRENT TRCR PROCESS, AND RECOMMENDED IMPROVEMENTS FOR CONSIDERATION

While the TRCR does provide data points to evaluate renewable offers, the speculative nature of projects studied in the TRCR, the non-binding nature of TRCR participation and the high-level, cluster analysis provided in the TRCR places doubt on the accuracy and relevance of TRCR results. In the absence of a more precise measure of
interconnection costs, SDG&E recognizes an opportunity for the Commission to coordinate results from the Renewable Energy Transmission Initiative (“RETI”) with future direction for the TRCR.

—— A stated objective of the RETI process is to “tie together the renewable procurement process with the development of generation and transmission so that one does not lag behind the others.” SDG&E applauds this mission. Altering the TRCR process to capture the outcome of RETI makes sense since RETI plans consider variables that the TRCR SDG&E currently does not.

5.1. SHOULD NEGOTIATIONS ONLY OCCUR WITH THOSE PROJECTS THAT ARE PART OF THE SERIAL GROUP, ARE PART OF THE TRANSITION CLUSTER, OR APPLY FOR INTERCONNECTION BEFORE THE CLOSING OF THE “FIRST QUEUE CLUSTER WINDOW?”

LSEs should not be prohibited from negotiating with bidders of projects in any CAISO queue group or cluster. To do so would frustrate renewable development and would serve no reasonable purpose. Renewable projects mature at different rates for various reasons. A project is as likely to be stalled due to obstacles in the interconnection process as it is due to issues such as financing, land or permitting concerns; no milestone test is applied to these other stages of project development. Often, an executed PPA serves as a catalyst for project development and a seemingly stalled project could easily be revived.

5.2. SHOULD INFORMATION FROM THE SCOPING AND RESULTS MEETINGS SCHEDULED IN 2009 FOR THE GIPR TRANSITION CLUSTER BE USED, AS AVAILABLE, TO UPDATE TRCRS, OTHER ESTIMATES OF TRANSMISSION COSTS, AND PROPOSED ONLINE DATES BEING APPLIED IN BID EVALUATIONS AND CONTRACT NEGOTIATIONS?

4 REI Frequently Asked Questions from http://www.energy.ca.gov/reti/.
All relevant information should be made available in a timely manner to update transmission studies, be applied to bid evaluations and be available for contract negotiations. New information would be in ratepayers’ best interest inasmuch as it provides a more complete picture of a project’s cost and viability. In addition, new information helps LSEs and developers better understand time horizons associated with the project. However, SDG&E cautions against lengthy delays to the RPS procurement process while waiting for interim results of preliminary studies. The 2009 procurement cycle should move forward with the best information available at the time.

5.3. **IF SO, ARE THERE ANY PROCEDURAL PROBLEMS WHICH MUST BE CONSIDERED TO ENSURE THAT INFORMATION FROM THESE SCOPING AND RESULTS MEETINGS MAY BE INTEGRATED INTO THE IOUS’ EVALUATIONS AND NEGOTIATIONS?**

New information should be shared with LSEs and developers as soon as it becomes available. The market will make use of the information as it sees fit. Requiring that the information flow through formal procedures before disclosure could unnecessarily delay the procurement cycle and render the information stale, and could make the information unavailable during the evaluation and negotiation periods—critical times when additional project data is needed most.

6. **MODIFICATIONS TO HOW BIDS ARE EVALUATED AND RANKED**

In Section 1.3 above SDG&E explained that its LCBF process will include duration equalization adders, which equalizes bids with different starting dates and terms. In years past, SDG&E has used the Market Price Referent to fill in gaps. For the 2009 RFO, SDG&E proposes to fill in delivery gaps with average bid prices from actual 2009 bids. SDG&E believes bid prices are the most accurate indicator of market costs for
renewable energy. The MPR, while not unreasonable, excludes the REC component and therefore does not capture bundled energy and REC, which the RFO seeks.

SDG&E supports SCE’s proposal to set the MPR costs “at the busbar” and see no reason why the proposal, removing the effects of line losses, would be contrary to the purpose of the MPR or the renewable procurement process.  

Projects are selected for procurement based upon a least-cost, best-fit comparison of project bid prices, with adjustments for additional costs to bring project power output to ratepayers. These adjustments are part of SDG&E’s LCBF, which is reviewed by SDG&E’s IE and PRG, discussed in Advice Letters and subjected to regulatory review and approval before project costs can be charged to ratepayers. CalWEA’s claim that the MPR “at the busbar” would unfairly subsidize out-of-state renewables can only hold if the MPR were the sole and exclusive metric used to assess the suitability of renewable projects for procurement. This is not, nor has it ever been, the purpose of the MPR. The MPR was established to provide a threshold of cost beyond which projects should have to endure extra scrutiny. If a renewable project’s costs exceed the MPR due to line losses, or other transmission effects, this by itself is not sufficient criteria to dismiss the project. It is, however, sufficient reason to subject the project proposal to a greater degree of analysis to determine whether the benefits of a remote location (such as being closer to a low-cost renewable resource such as a geothermal field or a high wind area, for example) are greater than the incremental costs of transmission to bring the resource

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6 See, Post-Workshop Opening Comments of the California Wind Energy Association, the California Cogeneration Council, the Large-Scale Solar Association and the Solar Alliance, filed in R.06-02-012 on June 6, 2008.
to the load center. Project developers that wish ratepayers to pay more for electricity than they would otherwise pay for less costly generation alternatives should expect such scrutiny when their proposals are considered.

7. RESOURCE PLANNING: A DISCUSSION OF PROCUREMENT PRACTICES (HISTORIC AND PROSPECTIVE) INCLUDE AN ASSESSMENT OF THE NEED DETERMINATION RELATIVE TO (A) SIGNED AND COMMISSION-APPROVED CONTRACTS, AND (B) CONTRACT FAILURE ASSUMPTIONS.

With the exception of the few LCBF changes describe within this Plan and certain changes required by D.09 06 018, SDG&E is not herein proposing any major changes to its procurement practices.

In order to determine its need, SDG&E first calculates estimated procurement amounts by summing expected deliveries from existing contracts and deliveries from contracts under negotiations (adjusted for probability of successful negotiations). The positive difference between the estimated procurement amount and SDG&E’s 2010 APT constitutes SDG&E’s need.—Because a shortlist position does not guarantee a resulting contract, SDG&E shortlists at least twice its need in order to reduce pressure to accept unreasonable terms and conditions from bidders and to insure against failed negotiations.

As noted above, SDG&E has pursued a policy of over-procuring in order to insure against project development delays, project failures and under deliveries. Although some of SDG&E’s counterparties have experienced numerous project setbacks, SDG&E intends to mitigate the impact of these delays/failures through over contracting as discussed above.
8. COORDINATION OF PROCUREMENT PROCESS: SHOULD THE COMMISSION TAKE A POSITION ON WHETHER OR NOT AN IOU MAY EXECUTE EXCLUSIVITY AGREEMENTS WITH BIDDERS PRIOR TO FORMAL NOTIFICATION TO ALL BIDDERS?

The Commission has created a significant number of procedures surrounding RPS procurement and has aligned the solicitations of all IOUs in each year’s procurement cycle. Given the uniformity that the Commission has created with respect to the IOUs’ RPS procurement process, the Commission should prohibit an IOU from executing exclusivity agreements with Bidders prior to formal notifications to all Bidders. As described below, doing so would preclude the potential for a Bidder to play one IOU versus another to the detriment of the ratepayers.

8.1. DOES AN IOU NOW HAVE THE OPTION WHEN TO EXECUTE AN EXCLUSIVITY AGREEMENT?

IOUs currently do have the option of when to execute an exclusivity agreement with a Bidder since the RPS schedule provides for target dates rather than definite dates by which certain actions must occur. As noted above, however, SDG&E recommends that the Commission prohibit execution of exclusivity agreements with Bidders prior to formal notifications to all Bidders. This recommendation is based upon SDG&E’s experience during the 2008 RFO cycle, which is discussed below.

8.2. WHAT ARE THE REASONS FOR AND AGAINST IOUS EITHER (A) BEING PERMITTED DISCRETION IF AND WHEN TO EXECUTE AN EXCLUSIVITY AGREEMENT OR (B) BEING REQUIRED TO EXECUTE AN EXCLUSIVITY AGREEMENT NO SOONER THAN A CERTAIN DATE IN THE PROCUREMENT CYCLE?

While SDG&E was evaluating offers bid in response to its 2008 RPS RFO, and well in advance of the July 1st date SDG&E planned to notify shortlisted bidders, a bidder contacted SDG&E and advised that another IOU had shortlisted the bidder’s offer. The
bidder suggested that if SDG&E were to do the same within a few days, the bidder would reject the other IOU and negotiate exclusively with SDG&E. Although SDG&E does not believe that this bidder engaged in any form of misconduct, such practice gives rise to the potential for a bidding war that would negatively impact ratepayers.

In order to prevent this possibility, the Commission should establish a specific date upon which all IOUs must notify all shortlisted bidders. Doing so would:

1. Ensure that all IOUs accurately evaluate all offers submitted without the pressures of an accelerated schedule for one bidder. It makes sense that shortlist decisions be made relative to completed quantitative analysis of all offers.

2. Prevent bidders from “gaming the system” by thwarting pre-shortlist negotiations. Pre-shortlist negotiation provides an opportunity to extract concessions from IOUs in order obtain exclusivity for a project. Conceivably, this could result in a bidding war for a project and unnecessarily increase costs to ratepayers.

Establishing a fixed notification date is an important first step. In addition, in order to prevent pre-shortlist negotiations, the date on which a bidder accepts its shortlist position must be (1) as close as possible in time to the shortlist notification date; and (2) the same day for all IOUs.

9. BUILD OWN RESOURCES: A SHOWING ON THE IOU’S CURRENT CONSIDERATION OF WHETHER OR NOT TO BUILD ITS OWN RENEWABLE GENERATION TO REACH 20% BY 2010

As in past years, SDG&E plans to issue a RPS solicitation in 2009 which includes the opportunity for bidders to offer ownership opportunities to SDG&E. The RFO will
include both turnkey development and PPAs. SDG&E may also consider building its own renewable generation through greenfield development, which typically takes 3-5 years to complete; this puts SDG&E-developed projects (other than the solar PV project described below) beyond the 2010 timeframe. SDG&E’s ownership of renewable generation facilities could take a range of forms, from SDG&E acting as outright and sole developer of a project to a joint ownership structure where SDG&E assists a smaller developer, acting as financier or adding other expertise such as regulatory, legal, or permitting.

SDG&E continues to study the benefits and issues associated with building its own renewable generation. These efforts are evolving and will be brought to the Commission when they are sufficiently developed. In its first such ownership/development effort SDG&E has established a new a Solar Energy Project.

In support of SDG&E’s effort to further diversify its resource portfolio, to promote deployment of distributed solar generation and to contribute to the State of California’s renewable energy goals, SDG&E requested Commission approval of its proposed Solar Energy Project in an application filed July 11, 2008. As is explained in more detail in the application, A.08-07-017, the SDG&E Solar Energy Project will focus on areas of the distributed solar generation market that are not currently being served by the California Solar Initiative (“CSI”) programs. Specifically, SDG&E proposes to pursue installations that are larger in size than the installations to date in the CSI or SDG&E’s Sustainable Communities Program (“SCP”) but smaller than the large central station PV-generating facilities that are connected to the transmission system. The

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SDG&E’s Sustainable Communities Program provides incentives for sustainable, efficient building projects and integrates utility-owned distributed generation systems.
program is proposed over a 5 year period from 2009 through 2013. With a proposed cap of $250 million, 20 MW to 35 MW are expected to be delivered to the grid.

The typical facility size is expected to be 1 to 2 MW with each installation influenced by the useable space or real estate for a solar installation. This size range offers greater economies of scale than the typical CSI installation while being small enough for siting flexibility on the distribution system. The primary types of solar PV installations will be land-based solar arrays and parking lot shading PV arrays. SDG&E prefers single axis tracking PV installations because the tracking systems allow the PV panels to follow the path of the sun during the day to maximize the output and energy from the generating facility, especially during peak summer periods. The SDG&E Solar Energy Project will fulfill the following objectives:

1. Deploy distributed renewable solar power generation in inland areas where SDG&E’s load is concentrated.
2. Complete renewable projects in a market segment that has not been substantially reached by existing programs.
3. Further diversify SDG&E’s resource portfolio.
4. Increase annual solar resource energy deliveries by employing tracking technologies.
5. Increase the capacity of renewable energy on system peak load.
6. Contribute to SDG&E’s RPS goals.
7. Help to achieve SDG&E’s future greenhouse gas (“GHG”) emissions reductions targets.
SDG&E is also exploring opportunities to develop utility-owned wind generation within its service area. SDG&E has signed a Memorandum of Understanding with the Campo Band of Mission Indians of the Kumeyaay Nation, and Invenergy LLC to build a wind energy project capable of generating up to 160 megawatts (MW) of renewable energy.

Interconnection to the distribution system effectively limits the size of a facility based upon the constraints of the distribution system. Thus, SDG&E expects individual facilities to be in the 1 to 2 MW range, but there could be a potential for up to 5 MW depending upon location.
power. The wind energy generated by the project would flow on the Sunrise Powerlink transmission line. Over the next year, Muht-Hei, Inc., the Campo development corporation, in conjunction with the Campo Band Executive Committee, Campo Environmental Protection Agency and the Bureau of Indian Affairs, will finalize the terms of the agreements with Invenergy and SDG&E. SDG&E and the other project developers will complete pre-development siting analyses, placement of testing towers to evaluate wind potential and fulfill environmental clearances prior to construction. The project is expected to commence commercial operation in 2012. SDG&E will continue to brief its Procurement Review Group on this opportunity.

In 2008 and 2009 SDG&E performed preliminary analysis regarding another wind project within its service area. Unfortunately, the limited acreage available to SDG&E, in combination with setback requirements, affected the economics of the deal by limiting the number of turbines that could be installed. Therefore, SDG&E ultimately concluded that it would not continue development on the site.

To the extent that SDG&E’s due diligence efforts reveal ownership opportunities that are viable, cost-effective, competitive versus RFO proposed projects, and consistent with Commission RPS-procurement guidelines, SDG&E will submit the projects to the Commission for its consideration.

10. WORKPLAN TO RESEARCH 20% BY 2010: A SHOWING ON EACH LSE’S WORKPLAN TO REACH 20% BY 2010, INCLUDING BUT NOT LIMITED TO:

SDG&E currently has executed and approved contracts that will contribute to its renewable resources in 2010. In order to achieve 20% by 2010 and beyond. For years 2012 - 2014, if all resources deliver as contracted, SDG&E will exceed the trajectory necessary to achieve its goal of 33% by 2020. In order to maximize deliveries in 2010.
maintain the current trajectory in 2012 – 2014 and reach the necessary trajectory in 2015 and beyond. SDG&E will take the following steps:

1) Issue a renewables-only RFO in 2009 for projects that can deliver renewable power beginning in years 2010, 2011, 2012 or 2013 - 2015. The scope and requirements of the 2010 solicitation will not change from the 2009 solicitation. Details regarding the RFO were discussed in Section 1.3.

2) Continue to negotiate with projects that were submitted shortlisted in previous years RPS RFOs but which have not yet resulted in a filed contract.

3) Consider bilateral prospects which will satisfy the 20% and 33% RPS mandates. SDG&E believes that the RFO process is a single, limited means of procurement. SDG&E has had equal or greater success negotiating with bilateral offers. Mature, viable projects seem to prefer to seek out buyers on a bilateral basis. Less developed projects seek to take advantage of the RFO process to test the market.

4) Pursue ownership or development partnerships where SDG&E’s participation/ownership would improve project viability, increasing the likelihood that the project will be successful. SDG&E will evaluate any such ownership opportunity in order to ensure that ownership is cost-effective when compared with PPAs, in accordance with guidelines previously established by the Commission. Additional discussion surrounding this issue is within Section 3 of this 2010 Plan.

5) To the extent feasible, to include renewables in non-RPS RFOs where SDG&E is seeking to fill specific resource needs. Should SDG&E issue such an all-source RFO during 2009-2010, and to the extent that offers are received in response to all-source
RFOs, such offers will be evaluated and, if economic, selected in accordance with LCBF principles.

6) Plan to procure to 4% to 6% in excess of near term annual renewable supply goals to account for unanticipated project failures, delays or under-deliveries.

7) Make use of SDG&E’s standard tariff to procure renewable energy from certain eligible projects by water and wastewater agencies and SDG&E will comply with any Commission directive to expand the eligibility criteria associated with such tariff.

8) SDG&E will avail itself of the flexible compliance mechanisms available within the RPS Program.

9) SDG&E proposes to implement a five-year pilot program (the “Pilot Program”) for Commission pre-approval of a limited amount of near-term, short-term RPS eligible procurement. This proposed Pilot Program entails automatic approval of short-term contracts up to five years in duration. The Pilot Program involves a proposed program procurement cap of 1500 GWH. SDG&E proposes to report in compliance filings how much it has procured from such contracts and to demonstrate in its annual compliance reports that the 1500 GWH limit was not exceeded. Other requirements of this proposed Pilot Program include:

a) Deliveries will begin within twelve months of contract execution. The contract’s levelized price, including firming and shaping costs, will not exceed a certain pricing cap. SDG&E will work with its IE to determine this pricing cap on an annual basis and brief the Energy Division and its PRG on the pricing cap.
b) The contract conditions must be consistent with RPS program requirements, must include standard contract terms and must be executed under the approved pro-forma agreement from SDG&E’s approved RPS procurement plan.

c) The IE and PRG must review the contract.

Any contract that meets these criteria and is within the program limit of 1500 GWH would be deemed per se reasonable. SDG&E will account for these contracts within annual ERRA filings. This proposed program will serve the public interest by greatly reducing the administrative burden associated with review of short-term contracts.

As noted above, if all resources under contract to SDG&E deliver as currently contracted, SDG&E may exceed the necessary 33% by 2020 trajectory in 2012 – 2014. Therefore, as part of this Pilot Program, SDG&E also seeks Commission authorization for automatic approval of short-term sales contract for years when SDG&E has excess procurement relative to its annual procurement targets. The sales may be for bundled energy or unbundled RECs (if allowed), will be reported in ERRA and all proceeds will be passed through to ratepayers. The nature of RPS contracts calls for large amounts of delivered energy, making it difficult to precisely meet the 20% and 33% targets. The ability to sell excess RPS energy will help smooth out excess “lumpiness” and reduce overall RPS cost to SDG&E’s ratepayers. Automatic approval of a sales agreement will not only reduce administrative burden on the Commission, but will also permit SDG&E to seek buyers and execute deals without concern that delays in Commission approval will interfere with fleeting sales opportunities. All potential sales agreement will also be reviewed by the IE and PRG prior to execution.
2.1 IDENTIFICATION OF ANY IMPEDIMENTS THAT REMAIN TO REACHING 20% BY 2010, AND 33% BY 2020.

The lack of adequate transmission infrastructure is a major impediment to SDG&E’s ability to achieve the 20% RPS mandate. With the recent approval of the Sunrise Powerlink, transmission concerns are alleviated but not entirely resolved. SDG&E is also dependent upon the Tehachapi Transmission project that, when completed, will provide access to approximately 4500 MW of renewable resources. The CAISO adopted the Tehachapi Transmission plan that delayed the online date of Pacific Wind to 2011, and SDG&E is actively working with SCE, Pacific Wind, and the CAISO to determine a means of interconnecting this project as soon as possible.

The lack of a short-term plan for making use of existing grid transfer capability to support the near-term development of renewable resources is a major impediment to the State's ability to achieve the RPS mandate. When the Sunrise Powerlink goes in service, existing transmission constraints between the Imperial Valley and the San Diego load center will be largely resolved. However, the addition of this transmission line does not, by itself, guarantee construction and connection of renewables generation facilities to the grid. What is needed is (1) analysis that establishes the extent to which the existing transmission network (plus approved transmission upgrades such as the Sunrise Powerlink and Tehachapi segments 1-3) can accommodate the development of renewable resources, taking into account the effects of off-setting reductions in fossil-fueled generation; and (2) based on this analysis, a plan that (i) identifies suitable locations for the construction of new substations that loop-in nearby existing transmission lines; and (ii) provides for connections of specific renewable projects to these new substations, and,
where feasible, for connections of specific renewable projects to existing substations. These connections may be utility-financed radial "trunk-lines" or may be developer-financed "gen-ties."

The analysis must consider the value of making renewable resources "deliverable" for Resource Adequacy ("RA") purposes since the cost of the network upgrades necessary to make some renewable resources deliverable for RA purposes (as are identified through the CAISO's existing study methodology for interconnecting new generators) may far exceed the RA value attained. Finally, the analysis and plan should not be limited to transmission facilities within the CAISO Balancing Authority; it should consider the availability of existing transfer capability outside the CAISO Balancing Authority as well. Consistent with the concepts described herein, SDG&E is seeking approval for construction of the ECO substation which will loop-in the existing Southwest Powerlink.

Finally, with respect to transmission issue, the Renewable Energy Transmission Initiative’s ("RETI") Phase 2A report states “large investments in transmission infrastructure will be needed between now and 2020” in order to meet California’s 33% goal. The report identifies potential projects in addition to the Sunrise Powerlink and the Tehachapi Transmission project that are worthy of detail study and consideration by the CAISO and publicly owned utilities.

The American Recovery and Reinvestment Act of 2009 has mitigated previous concerns regarding availability of federal Production and Investment Tax Credit. However, the recent economic downturn has reshaped the project financing landscape. Lenders who once required one point in lending fees now require up to five
Lending fees have increased, tax equity investors have virtually disappeared and private equity investors now require increased returns before agreeing to invest money.

Increasing costs to build renewable projects also poses a serious challenge to achieving the 20% goal of RPS. Once SDG&E reaches its SB 1036 cost cap, it is only obligated to procure below-MPR renewable energy—below the relevant market price referent (“MPR”). However, a project that is below-MPR at the time it is offered to SDG&E may ultimately cost more than was originally estimated due to increases in business costs that occur during the time the project is being developed. The 2009 MPR has decreased from the 2008 MPR, putting further pressure on costs.

Uncertainty surrounding the availability and timely issuance of land leases from the Bureau of Land Management (“BLM”) creates insecurity for project development. The process the BLM established to grant leases has proven to be time-consuming—creating uncertainty, scheduling challenges and corresponding problems with project elements such as financing, permitting, engineering, procurement and construction (“EPC”) contracts and supplier contracts. SDG&E’s two geothermal PPAs totaling 60 MW have been waiting for a BLM lease for nearly seven years.

Two other issues may challenge SDG&E’s ability to achieve its RPS goals. The first, involves debt equivalency. As SDG&E executes an increasing number of PPAs, the cumulative debt equivalence of all these agreements may greatly affect SDG&E’s credit profile and, consequently, its financial standing. Rating agencies include long-term fixed financial obligations, such as purchase power agreements, in their credit risk analysis. These obligations are treated as additional debt during their financial ratio assessment.
S&P views the following three ratios, Funds From Operations (“FFO”) to Debt, FFO to Interest Expense, and Debt to Capitalization, as the critical components of a utility’s credit profile. Debt equivalence negatively impacts all three ratios. Unless mitigated, a PPA would negatively impact SDG&E’s credit profile as it would degrade credit ratios.

The second issue relates to FASB Interpretation No. 46, Consolidation of Variable Interest Entities (“FIN 46(R)”). Application of FIN 46(R) rules could also impact SDG&E’s ability to sign new contracts. As part of SDG&E’s overall internal review and approval process for new PPAs, SDG&E conducts a review of whether each such PPA will be subject to consolidation under FASB Interpretation No. 46, Consolidation of Variable Interest Entities (“FIN 46(R)”) rules. Until now, no renewable PPA has been deemed subject to such consolidation. However, SDG&E has been informed by its independent, registered public accounting firm, Deloitte & Touche, LLP, that it must assess each contract within the context of FIN 46(R) in order to determine whether or not SDG&E must consolidate a Seller’s financial information in with SDG&E’s own quarterly financial reports to the Securities and Exchange Commission. As of July 1, 2006, for SDG&E, new rules may result in consolidation of certain Sellers’ financial information. Therefore, certain renewable contracts may no longer receive FIN 46(R) exemptions. In particular, wind, solar, geothermal and bio-gas renewable Sellers could be impacted. Therefore, certain renewable contracts may no longer receive FIN 46(R) exemptions. If a new interpretation of FIN 46(R) rules is adopted by Deloitte & Touche, LLP, this could challenge SDG&E’s ability to achieve its RPS goals and add further costs and risk to execution of new renewable contracts. If SDG&E determines that consolidation is
required, a Seller must open its books to SDG&E and submit financial information, on a quarterly and monthly basis, as specified in SDG&E’s contract language for the duration of any agreement.

All PPAs are affected by either debt equivalence or FIN 46(R) requirements. The Commission is well aware of the negative impact of debt equivalence on SDG&E’s credit profile. AB 57 requires that the Commission adopt procurement plans that, among other objectives, enhance the creditworthiness of the utility. FIN 46(R) will affect SDG&E’s reported financial data and may have negative impact on SDG&E’s balance sheet and/or credit profile. FIN 46(R) could impact SDG&E’s capital structure on a consolidated basis and cause it to be misaligned with its authorized capital structure. In order to rebalance SDG&E’s capital structure to the authorized one, SDG&E would be required to infuse additional equity to offset the additional debt. Given that SDG&E will be executing contracts for 20% or more of its overall portfolio to meet its RPS goals, SDG&E anticipates that the Commission will address and mitigate the resulting overall impacts of debt equivalence and FIN 46(R) to SDG&E’s capital structure as described herein.

In D.07-02-011 and D.07-12-052, the Commission directed SDG&E to seek relief from costs associated with debt equivalence and FIN 46(R) through future cost of capital proceedings. Under the Cost of Capital Mechanism (“CCM”) recently adopted in D.08-05-035, each utility must file a full cost of capital application every three years. Thus, SDG&E’s next full cost of capital application will not be filed until in 2010 for a test year of 2011. The Commission acknowledged in D.08-05-035 the potential need to respond to adverse credit impacts caused by debt equivalence and/or FIN 46(R) accounting
requirements occurring in the time period between cost of capital proceedings. While it rejected in D.07-12-049 the proposal to establish an automatic capital structure adjustment to be triggered each time a PPA is signed or a FIN 46(R) adjustment is made to a balance sheet, it did approve in D.08-05-035 the ability of each IOU to file a capital structure adjustment application “between the utility’s full cost of capital applications for authority to adjust its capital structure for changes in factors, such as debt equivalence, that may impact utility credit ratings.”

102.2 WHAT THE LSE IS DOING, OR PLANS TO DO, TO ADDRESS EACH IMPEDIMENT, IF ANYTHING.

SDG&E continues to move forward on its plan to design and construct the Sunrise Powerlink. SDG&E has also supported other projects, such as the Tehachapi project, that would provide access to new renewable resources. As a practical matter, however, while SDG&E can propose transmission solutions, it is obviously not within SDG&E’s power to approve these projects. Transmission issues, as well as other issues discussed above require legislative and regulatory fixes. SDG&E has therefore advocated expedited approval of transmission projects, SDG&E has also pursued flexibility in approving short term and bilateral contracts, and RPS program recognition monitors that these issues are impediments to achieving the 20% RPS mandate in a cost-effective and timely manner. FIN 46 relief.

Finally, SDG&E continues to explore opportunities to build its own renewable resources, as well as other means of promoting development of renewables generation, as discussed below.

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9/ D.08-05-035, mimeo, p.7. See also pp.8 and 19, COL #6.
10/ Including allowing earmarking from bilateral contracts.
11. CONTRACT AMENDMENTS: IF ONE OR BOTH PARTIES MAY SEEK TO AMEND AN RPS CONTRACT, SOME CHANGES OR AMENDMENTS MIGHT BE WITHIN THE CONTEXT OF “CONTRACT ADMINISTRATION.” OTHERS MIGHT REQUIRE COMMISSION REVIEW AND ACCEPTANCE. IN THIS CONTEXT:

11.1. PLEASE IDENTIFY SPECIFIC CHANGES OR AMENDMENTS WHICH THE IOU BELIEVES TO BE WITHIN THE SCOPE OF “CONTRACT ADMINISTRATION.”

Many contract actions fall within the scope of “contract administration” and therefore should not require a formal advice letter filing. Such actions can be described in annual Energy Resource Recovery Account (“ERRA”) filings where the Commission could judge whether or not the actions were prudent. In any instance an IOU may seek a formal amendment to the contract and file a formal advice letter seeking approval.

The matrix shown below establishes SDG&E’s proposal for how contract changes are handled. The IOUs should not be required to seek Commission approval for routine contract administration activities. These activities include COD delays, inconsequential location changes or immaterial changes to modifiable language. A Tier 1 Advice Letter should be filed for additional procurement from the project (increased MW or MWH) but at the same, previously approved contract price. A Tier 3 advice letter should only be necessary when material contract changes would result in unforeseen cost increases. This includes material increases in transmission upgrade costs, congestion costs and price increases that do not fall into the Tier 1 category. In addition, if for any reason an IOU wishes to file an advice letter even though one is not required, the right to do so should be preserved.

SDG&E believes this matrix is workable. Any change resulting in higher payments
3. BUILD OWN RESOURCES: A SHOWING ON THE IOU’S CURRENT CONSIDERATION OF WHETHER OR NOT TO BUILD ITS OWN RENEWABLE GENERATION TO REACH 20% BY 2010

As in past years, SDG&E plans to issue a RPS solicitation in 2010 that includes the opportunity for bidders to offer ownership opportunities to SDG&E. The RFO will include both turnkey development and PPAs with Buyout options. SDG&E continues to study the benefits and issues associated with building its own renewable generation. These efforts are evolving and will be brought to the Commission when they are sufficiently developed. Greenfield development, which typically takes 3-5 years to complete, puts SDG&E-developed projects (other than the solar PV project described below) beyond the 2010 timeframe. SDG&E’s ownership of renewable generation facilities could take a range of forms, from SDG&E acting as outright and sole developer of a project to a joint ownership structure where SDG&E assists a smaller developer, acting as financier or adding other expertise such as regulatory, legal, or permitting.

Among the guidance provided in Decision 09-06-018, the Commission noted with approval the proposal from PG&E to expand its contracting options to include joint development and ownership of projects along with the developer, and encouraged the other two IOUs to adopt a similar expansion of their contracting options. In so encouraging the IOUs, the Commission observed that certain federal income tax credits that had previously not been available to utility owned or developed projects had been extended to the utilities by Congress. Along with those tax credits, the Commission observed that interest rates had declined and financial markets had deteriorated – all of which dramatically changed the landscape with respect to the possibility of utility investment in renewable generation.
In accordance with the Commission’s guidance, SDG&E is currently in discussion with two entities concerning possible tax equity investment. Early indications are that with SDG&E’s involvement as a tax equity investor, one or both of these opportunities could move forward with an increased probability of success, versus otherwise being stalled due to financing difficulties. SDG&E will continue to evaluate these and other projects for tax equity investment opportunities and will keep the Commission apprised of these ongoing discussions. SDG&E will submit any proposals to the Commission for approval at the appropriate time.

In support of SDG&E’s effort to further diversify its resource portfolio, to promote deployment of distributed solar generation and to contribute to the State of California’s renewable energy goals, SDG&E requested Commission approval of its proposed Solar Energy Project in an application filed July 11, 2008. As is explained in more detail in the application, A.08-07-017, the SDG&E Solar Energy Project will focus on areas of the distributed solar generation market that are not currently being served by the California Solar Initiative (“CSI”) programs. Specifically, SDG&E proposes to pursue installations that are larger in size than the installations to date in the CSI or SDG&E’s Sustainable Communities Program (“SCP”) but smaller than the large central station PV generating facilities that are connected to the transmission system. The program is designed to be implemented over a 5-year period and will commence upon CPUC approval. A decision is expected in March 2010. The program consists of both utility-owned and merchant-owned projects, the latter of which would be delivered via

11/ SDG&E’s Sustainable Communities Program provides incentives for sustainable, efficient building projects and integrates utility-owned distributed generation systems.
power purchase agreements. The utility-owned portion has a proposed cap of $125 million and 26 MW_{dc}.

The typical facility size is expected to be 1 to 2 MW_{ac} with each installation influenced by the useable space or real estate for a solar installation. This size range offers greater economies of scale than the typical CSI installation while being small enough for siting flexibility on the distribution system. Projects will be valued in terms of annual energy delivered and capacity delivered in summer afternoons. The SDG&E Solar Energy Project will fulfill the following objectives:

1. Deploy distributed renewable solar power generation.
2. Complete renewable projects in a market segment that has not been substantially reached by existing programs.
3. Further diversify SDG&E’s resource portfolio.
4. Increase the capacity of renewable energy on system peak load.
5. Contribute to SDG&E’s RPS goals.
6. Help to achieve SDG&E’s future greenhouse gas ("GHG") emissions reductions targets.

SDG&E is exploring opportunities to develop utility-owned wind generation within its service area. SDG&E has signed a Memorandum of Understanding with the Campo Band of Mission Indians of the Kumeyaay Nation, and Invenergy LLC to build a wind energy project capable of generating up to 160 megawatts (MW) of renewable

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12/ Interconnection to the distribution system effectively limits the size of a facility based upon the constraints of the distribution system. Thus, SDG&E expects individual facilities to be in the 1 to 2 MW_{ac} range, but there could be a potential for up to 5 MW_{ac} depending upon location.
power. The wind energy generated by the project would flow on the Sunrise Powerlink transmission line. Over the next year, Muht-Hei, Inc., the Campo development corporation, in conjunction with the Campo Band Executive Committee, Campo Environmental Protection Agency and the Bureau of Indian Affairs, will finalize the terms of the agreements with Invenergy and SDG&E. SDG&E and the other project developers will complete pre-development siting analyses, placement of testing towers to evaluate wind potential and fulfill environmental clearances prior to construction. The project is expected to commence commercial operation in 2012. SDG&E will continue to brief its PRG on this opportunity.

In 2008 and 2009, SDG&E performed preliminary analysis regarding another wind project within its service area. Unfortunately, the limited acreage available to SDG&E, in combination with setback requirements, affected the economics of the deal by limiting the number of turbines that could be installed. Therefore, SDG&E ultimately concluded that it would not continue development on the site. SDG&E continues to research other potential wind development opportunities.

SDG&E is also evaluating potential opportunities in the Imperial Valley to further develop solar projects to help meet its commitments made in the Sunrise Powerlink proceeding. These opportunities could range from working with land owners and developers to licensing and developing new sites. To the extent that SDG&E’s due diligence efforts reveal ownership opportunities in wind, solar or other renewable technologies that are viable, cost effective, competitive versus RFO-proposed projects, and consistent with Commission RPS-procurement guidelines, SDG&E will submit the projects to the Commission for its consideration.
4. Imperial Valley Issues

In 2009 SDG&E issued the first RPS RFO after the approval of the Sunrise Powerlink. Developers’ anticipation of the new 500KV line and SDG&E’s outreach efforts all contributed to a very robust solicitation. SDG&E received more offers from areas inside and surrounding the Imperial Valley (areas served by Sunrise) than it had received from that area in any previous solicitations.

4.1 Bidder’s Conference.

SDG&E hosted a bidder’s conference at its El Centro office on August 12, 2009. The Imperial Irrigation District (“IID”) attended and made a presentation regarding transmission interconnection procedures. The turnout at the bidder’s conference was robust and SDG&E is planning to host another bidder’s conference in the Imperial Valley, regardless of whether it is ordered to do so. Many developers in the Imperial Valley region are new to the development process and continue to contact SDG&E for opportunities even after the 2009 RFO closed. SDG&E believes developer outreach will help increase industry knowledge and, ultimately, quality of offers.

4.2 Remedial Measures for 2010

SDG&E does not recommend the Commission impose remedial measures relative to Imperial Valley for 2010 as such measures are unnecessary. The number of offers received from the Imperial Valley was high, many times more MWs than can flow over the Sunrise Powerlink. LCBF principals were applied to all bids and Imperial Valley projects were very competitive when compared against projects located outside of the Imperial Valley. The majority of projects on SDG&E’s 2009 short-list were projects that could flow across the Sunrise Powerlink. Finally, the existing least-cost, best-fit methodology is flexible enough that IOUs are permitted to elevate projects if there is
compelling reasons to do so, without providing upfront preferential treatment to an entire class of projects. The Sunrise Powerlink is intended to provide access to cost-effective renewable energy. Preferential treatment could increase bid prices for Imperial Valley projects without a commensurate, offsetting benefit.

5. SDG&E TOU Factors.

In D.05-12-042, the Commission concluded that the methodology used to calculate the MPR applied to solicitations in the RPS program should be modified to consider Time-of-Delivery (“TOD”) profiles.13 The TOD factors submitted by SDG&E in the context of the 2006-2009 RPS RFOs were calculated based on market information and were based almost entirely on publicly available information. SDG&E used the historical hourly price profiles, developed by the E3 consulting firm and adopted by the Commission in D.05-04-024 for use in the evaluation of Energy Efficiency programs, to develop its TOD factors. This historical profile was adjusted so that the on-peak and off-peak average quarterly prices equaled the on-peak and off-peak average quarterly prices from the SP-15 forward electric market.

5.1 Why SDG&E uses an energy-market approach to setting time-of-use factors.

SDG&E did not include the full cost of capacity based on the direction provided by the Commission in D.05-12-042 regarding what a TOD profile should reflect. Specifically, the Commission made clear in D.05-12-042 that TOD profiles were intended to reflect market behavior, as determined by the conditions faced by a theoretical new owner of a combined cycle gas turbine (“CCGT”). In D.05-12-042 (as
modified by D.06-01-029, the Commission noted that “the use of TOD MPR prices introduces the reality that CCGT plants in California generate based on market signals.”

D.05-12-042 contemplates that the CCGT capacity factor used to calculate the final MPR will be based upon on the “revised TODs filed by the utilities with their draft RFOs each year.” The Commission’s rationale is that this calculation reflects a “market behavior approach,” with TOD prices modeling what the owner of a CCGT would face. As long as the Commission used the TOD profile to develop the capacity factor, SDG&E felt constrained to continue to use a TOD profile compatible with the market prices a CCGT owner would face. This rationale is fully documented in D.06-05-039 and in the California Energy Commission Report, “A Summary and Comparison of the Time of Delivery Factors Developed by the California Investor-Owned Utilities for Use in Renewable Portfolio Standard Solicitations,” Report CEC-300-2006-015.

While the TOD factors used by SDG&E in all previous RPS RFOs were based upon energy market calculations, capacity costs were included in the evaluation process. SDG&E incorporated those added capacity costs as a “Resource Adequacy Adder.”

5.2 Updated TOU Factors (with both energy-market and all-in factors)

A. Energy Market TOD Factor

SDG&E has calculated an energy market TOD factor consistent with the RPS factors used in the 2005-2009 RPS RFOs. The TOD factor was updated in two ways. First, the summer hourly data was updated to use 2009 data for the SDG&E local area profile in place of the hourly profile from the Energy Efficiency proceeding. Second, the

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13 D.05-12-042, mimeo, pp. 17-23.
14 D.05-12-042 (as corrected by D.06-01-029), mimeo, p. 33.
15 Id., p. 35.
16 Id.
forward market prices were updated to use 2011 electric forward market data for the SP-15 trading hub for relationships of on-peak and off-peak prices using data from Platt’s/ICE forward markets. The year 2011 was used to avoid near-term events (e.g. gas storage levels) from affecting the quarterly and annual relationships and it was before the greenhouse gas market is put in place that may affect pricing relationships. The following are the proposed factors for an energy market TOD factor.

<table>
<thead>
<tr>
<th></th>
<th>Proposed</th>
<th>Current</th>
<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Summer</td>
<td>Winter</td>
<td>Summer</td>
<td>Winter</td>
</tr>
<tr>
<td>On-peak</td>
<td>1.531</td>
<td>1.192</td>
<td>On-peak</td>
<td>1.6410</td>
</tr>
<tr>
<td>Semi-peak</td>
<td>1.181</td>
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<td>Off-peak</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.7928</td>
</tr>
</tbody>
</table>
B. All-in TOD Factor

The all-in TOD factor adds in capacity value to the energy market TOD factors. The calculation of the all-in TOD factor starts with the value of capacity not recovered in energy markets, which is allocated to the TOD periods using a probabilistic analysis, and then the TOD factors are recalibrated.

SDG&E determined the value of capacity not contained in energy markets based on the 2009 MPR costs for a Combined Cycle Gas Turbine including fixed O&M and deducted expected energy rents determined from the expected hourly market prices and MPR CCGT variable operating costs.17/

SDG&E determined the allocation of capacity to TOD periods using Prosym, a stochastic system dispatch model.18/ It has a chronological structure, accommodates detailed hour-by-hour simulation of the operations of electric systems. This modeling tool and the underlying data are consistent with SDG&E’s Long-Term Procurement Plan.19/

Stochastic simulation was used to reflect an adjusted load for each hour due to weather volatility and generation forced outages. In a majority of hours there will be sufficient generation to meet the load, and thus there will not be any un-served energy. But in some hours there will be un-served energy if sufficient generation is not available to meet load. Each iteration results in a different number of hours with un-served energy.

17/ The 2009 MPR model and Resolution E-4298, Appendix F were used to derive values. In addition, forward electric and gas prices were used to develop market prices and variable operating costs. The results were in the range of the values developed by the CAISO in its analyses of the expected energy rents of a new CCGT and reported in its Market Issues and Performance, 2008 Annual Report, Table 2.9.

18/ More detail on the model can be found at http://www1.ventyx.com/analytics/planning-and-risk.asp.
given the random nature of Monte Carlo draws. The un-served energy occurring in each
TOD period is aggregated across simulations and years to determine the allocation to
each of the TOD periods. This procedure provides an estimate of the value of capacity in
each of the TOD periods.

Using the 2009 MPR 20 year MPR prices, SDG&E proposes the following all-in
TOD factors:

<table>
<thead>
<tr>
<th></th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-peak</td>
<td>2.501</td>
<td>1.089</td>
</tr>
<tr>
<td>Semi-peak</td>
<td>1.342</td>
<td>0.947</td>
</tr>
<tr>
<td>Off-peak</td>
<td>0.801</td>
<td>0.679</td>
</tr>
</tbody>
</table>

5.3 Proposed TOU Factors and impact on LCBF methodology

In all previous RPS RFOs, TOD factors used by SDG&E were based upon
energy-only calculations, with no capacity costs included. Because of this, a Resource
Adequacy Adder was used to simulate the additional cost of capacity that a given
renewable resource would impose upon the utility in order to bring the renewable
resource to the same availability as a CCGT resource. This was done by adding the
capacity cost of a CCGT less Energy Market Rents (as described above) for the
nameplate capacity of the plant less the capacity of the project listed by the CAISO for
Net Qualifying Capacity, divided by the expected megawatt-hour of the renewable
project. The Net Qualifying Capacity (“NQC”) for projects under development and
construction were based upon a Commission adopted number. Each technology’s
capacity requirement is inversely proportional to its NQC. The result was then applied to
the $/MWh levelized bid price of the project.

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19 SDG&E’s LTPP is based serving only the bundled customer’s load, for the modeling here looked at
the total load in the SDG&E service area.
In future RFOs, SDG&E intends to use the all-in TOD factors shown above, with capacity costs included in their calculation. This will approximate the effects of both time-of-day energy value calculations and capacity costs in previous RFOs. The Resource Adequacy Adder will be discontinued to avoid double-counting capacity costs.

6. CONTRACT AMENDMENTS:

SDG&E supports the Commission’s proposed review matrix for contract amendments. Indeed, the proposal is very similar to the proposed matrix within SDG&E’s 2009 RPS Plan. It is a workable solution that should be implemented as soon as possible. Any change resulting in higher total contract value would set in motion at least a Tier 1 advice letter. If the Commission believes a more formal Tier 3 is necessary, it can reject the Tier 1 and require an IOU to resubmit via a Tier 3. In practice, however, SDG&E routinely consults with the Energy Division regarding procedural matters. If the proposed matrix is implemented, SDG&E will continue to consult with Energy Division staff to confirm the treatment of upcoming amendments. As the RPS program nears its tenth year and sets aim on a 33% goal, an efficient means of contract review will serve the program well.

<table>
<thead>
<tr>
<th>Filing</th>
<th>Tier 1</th>
<th>Tier 3</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERRA Filing</td>
<td>Routine contract administration activities—e.g., extension of on-line dates and other milestones, compliance with modifiable STC changes, or changes related to transmission or site permitting issues.</td>
<td>Additional procurement at pre-approved price.</td>
<td>Material increases to ratepayer costs that have not been pre-approved. For example: Contract price, transmission upgrade cost, congestion cost, bundled attributes (RA/ancillary services), capacity increases accompanied by higher contract pricing.</td>
</tr>
</tbody>
</table>
11.2. **PLEASE IDENTIFY SPECIFIC CHANGES OR AMENDMENTS WHICH THE IOU WOULD PLAN TO BRING TO THE COMMISSION FOR CONSIDERATION.**

As discussed above and indicated on the matrix, there are instances when contract changes are of a nature that requires a formal amendment. Such instances include: (1) re-pricing; (2) technology/delivery revisions which could affect the RPS eligibility of a project; and, (3) changes to modifiable standard terms and conditions. In these instances LSEs should be required to execute a formal contract amendment and submit the amendment via Advice Letter for the Commission’s consideration.

11.3. **IDENTIFY THOSE WHICH THE IOU WOULD PROPOSE TO BRING (A) AS PART OF AN ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) REVIEW, (B) BY ADVICE LETTER AND IF BY ADVICE LETTER UNDER WHAT TIER, (C) VIA FORMAL APPLICATION, OR (D) OTHER.**

All contract actions, whether or not they require a PPA amendment, should be brought to the Commission. However, as described in Section 11.1 and 11.2 above, depending on the nature of the action, a simple notification via ERRA or a more formal advice letter would be required.

12. **ADDRESS COST-CONTAINMENT AS IT RELATES TO THE 2009 PLANS AND GOING FORWARD.**

12.1. **ADDITIONAL CONTRACT TERMS, CONTRACT OR PROGRAM INCENTIVES, OR OTHER CONTRACT OR PROGRAM FEATURES THAT SHOULD BE CONSIDERED IN ORDER TO PROMOTE A ROBUST MARKET WHILE MINIMIZING COSTS TO RATEPAYERS.**

SDG&E’s Plan places SDG&E on a procurement trajectory to potentially achieve 33% by 2020. While crafting the Plan, SDG&E assessed the relative rate impacts of a 33% renewable portfolio. As renewable resources are added annually to the model, gas
fired resources and market purchases are backed off to maintain the capacity and energy balance. Our results indicate that if SDG&E were to begin exclusively procuring wind or exclusively procuring solar resources based on the costs we are seeing in our current RFO to achieve 33%, the commodity costs in 2020 could be higher than the base case of only 20% renewables by about respectively. These costs do not include any additional transmission cost needed to reach 33% or any additional integration costs, such as higher level of ancillary services. Clearly, it is unreasonable and imprudent to plan on procuring only wind or only solar resources going forward. SDG&E studied a mix comprised of The result is a 2020 commodity cost of about above the base case. It is important to note that the mix described above does not constitute an optimal mix. As mentioned earlier in Section 1.1, SDG&E’s selection of renewable resources is not driven by a desire to procure an optimal mix but rather by the quality, price and terms of offers submitted given mandated deadlines. The lack of reasonably-priced offers from a particular technology will restrict SDG&E’s ability to procure an optimal mix.

12.2. TIME OF USE (TOU) PERIODS AND ALLOCATION FACTORS.

12.2.1. DOES YOUR RPS PROCUREMENT PLAN AND/OR MODEL CONTRACT(S) FIX TOU PERIODS AND ALLOCATION FACTORS FOR THE LIFE OF THE CONTRACT?

SDG&E’s solicitation does make use of Time of Delivery (“TOD”) periods as an evaluation tool to assess the value of an offer relative to SDG&E’s demand for energy during a given time period. However, most of SDG&E’s PPAs include fixed contract

SDG&E notes that these cost impacts are illustrative based on current costs and actual rate impacts will depend on many factors including the final cost of renewable resources, natural gas costs, the cost of new transmission and integration costs.
The problem with variable payments which annually adjusts to prevailing TOD factors is that developers may have problems predicting cash flow and thus have corresponding challenges in financing the project. However, if both buyers and sellers are not opposed to a pricing mechanism which adopts TOD pricing, the flexibility to do so should be preserved. The measure of a project’s price reasonableness is not how the pricing is structured but how the levelized price compares to the MPR.

12.2.2. IF THEY ARE NOT FIXED, WHAT ARE YOUR PROPOSED METHODS TO UPDATE TOU PERIODS AND ALLOCATION FACTORS?

As an LSE’s demand profile evolves, LSEs should be provided the opportunity to revise its TOD as necessary. Revisions can be submitted for the Commission’s approval within annual RPS procurement plans.

In accordance with the direction provided in D.09.06-018, SDG&E will explain its factors in the formal review of TOU factors undertaken in the Commission’s long-term procurement plant ("LTPP") proceeding.

12.2.3. IF THEY ARE FIXED, IS IT REASONABLE THAT TOU PERIODS AND ALLOCATION FACTORS REMAIN FIXED OVER THE LIFE OF THE CONTRACT? PLEASE STATE REASONS IN SUPPORT AND AGAINST FIXING THESE TERMS FOR THE LIFE OF THE CONTRACT.

In SDG&E’s case, TOD periods provide a valuable evaluation metric. However, contract pricing mechanisms should be flexible enough to accommodate either fixed or variable unit cost as long as both buyers and sellers can agree on a mutually acceptable price. There are many assumptions about the future—such as the cost of the capacity from a certain renewable technology—that will change during the course of a long term
contract. TOD profiles are not the largest of these. Thus, it is thus reasonable that they remain fixed throughout a contract term.

12.2.4. IF THEY ARE FIXED, ARE THERE REASONABLE WAYS TO ALLOW UPDATES TO TOU PERIODS AND ALLOCATION FACTORS ONCE OR MORE OVER THE LIFE OF THE CONTRACT? WHAT ARE THE POSSIBLE OPTIONS? PLEASE IDENTIFY ADVANTAGES AND DISADVANTAGES OF THE OPTIONS.

SDG&E does not see a need to establish overly complicated rules and options surrounding TOD and contract pricing. Discretion should be left to buyers and sellers to develop pricing mechanism tailored to the project within the context of the total value proposition made up of all of the various contract terms.
7. OTHER: ANYTHING ELSE NECESSARY FOR A FULL AND COMPLETE PRESENTATION OF ITS 2009 RPS PROCUREMENT PLAN FOR THE COMMISSION’S CONSIDERATION, AS RECOMMENDED BY THE IOU FOR COMMISSION ADOPTION.

C. PLAN COORDINATION, LESSONS LEARNED, CHANGES

14. EFFORTS TO COORDINATE: A STATEMENT THAT DESCRIBES THE EFFORTS UNDERTAKEN TO COORDINATE THE FORM AND FORMAT OF THE 2009 PLANS, PLUS IMPROVEMENTS TO THE MODEL CONTRACTS. THE STATEMENT SHOULD ALSO REPORT ON THE SUCCESSES OR DIFFICULTIES WITH THAT EFFORT.

PG&E, SCE and SDG&E participated in multiple conference calls and exchanged numerous emails to coordinate proposals on three issues:

- Matrix of Standard Terms and Conditions—PG&E, SCE and SDG&E all prefer a simpler approach to report how modifiable and non-modifiable STCs are adopted or modified for pro forma PPAs. Each IOU therefore provided its recommendations within its 2009 RPS Plan.

- Coordination of Formal Notification to Bidders—PG&E and SDG&E agreed that coordination is necessary. SCE would prefer to retain flexibility in the timing of notification to bidders.

- Contract Amendments requiring formal Advice Letters—PG&E, SCE and SDG&E all agree in principle that no-cost contract administration activities should not require an advice letter. Although the three IOUs could not agree on precise wording and thus one matrix which defines when advice letters are necessary, the matrices are very similar—suggesting that the Commission can develop direction that captures features that are important to the Commission.
15. LESSONS LEARNED: IDENTIFY AND SUMMARIZE ANY IMPORTANT LESSONS LEARNED OVER THE LAST FEW YEARS AND PROCUREMENT CYCLES.

SDG&E has conducted ten solicitations to date in pursuit of the 20% RPS mandate. The RFOs support SDG&E’s goal by promoting additional renewable development, enhancing SDG&E’s ability to develop a renewable mix that is wide-ranging in technology types and allowing SDG&E to pursue a combination of both power purchase and ownership options with the overall goal of achieving a 20% renewable portfolio mix by 2010. In addition, SDG&E has been involved in bilateral negotiations that represent another market for the advancement of the important goals established in the RPS program.

Results from the previous RFOs raise the following major concerns and lessons learned: 1) there is an urgent and critical need for new transmission infrastructure if the State is to meet its 20% RPS goal; 2) the impending 2010 RPS compliance deadline is leading to higher prices for renewable energy; and 3) creation and completion of renewable generation projects based upon emerging technologies is a challenge where the attainment of the 20% RPS goal hangs in the balance.

1) Transmission. A review of the renewables projects proposed to SDG&E validates concerns that lack of availability of adequate transmission will have a significant impact on SDG&E’s ability to achieve the 20% RPS mandate. Of the projects contracted from SDG&E’s 2004 RFO and the projects in the 2005 RFO short-list, greater than 80% of the associated projected annual energy purchases are dependent in some way on new transmission being approved and built to import the energy from Imperial Valley, Tehachapi and eastern San Diego County. Several projects short-listed in the
2006 and 2007 RFO represent a quantity of renewable energy that is equal to approximately 15% of SDG&E’s 2011 retail sales. These projects are located in Imperial Valley, eastern San Diego County and the La Rumorosa area in Mexico and are dependent in some way on new transmission being approved and built. For the 2008 RFO, developers continue to favor project locations which would require Sunrise in order for SDG&E to access. As mentioned earlier, nearly 50% of the projects offered in 2008 and 60% of the capacity and energy offered in 2008 depended on Sunrise. Even more significant is that of the top 30 LCBF ranked projects, 24 are dependent on Sunrise. Of the remaining six projects that are not Sunrise dependent, SDG&E shortlisted five and the sixth was a pre-existing PPA.

With approval of Sunrise Powerlink, additional opportunities for renewable development in California exist:

a) In the east county of San Diego to allow for a significant addition of new wind resources in that area. As already mentioned, SDG&E received bids in previous RPS RFOs which results in negotiations with ~350 MW of wind projects located in east San Diego county. In its 2007 RFO, the short list includes a number of bids located in Imperial Valley and the La Rumorosa area of Mexico in excess of 500 MWs. In order to access this energy, a new 500 kV switchyard will need to be constructed to tap the Southwest Powerlink transmission line to accommodate the wind resource in this area. According to various sources, delivery of this wind will require not only a new substation, but the addition of the Sunrise Powerlink transmission line as well. The substation allows for the interconnection to the grid, but the Sunrise line is required to

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21/ One declined.
create sufficient take-away capacity so that all of these renewable resources can be delivered to load without violating the CAISO reliability criteria.

b) The Sunrise Powerlink transmission line will provide access to large amounts of solar and geothermal resources from Imperial Valley as well as to facilitate east San Diego County and Mexico wind projects. The Commission is well acquainted with this proposal, which, as noted above, is discussed in detail in A.06 08 010. The Sunrise Powerlink project will provide transmission facilities critical to delivering renewable generation under SDG&E’s Commission-approved contracts as well as prospective contracts that SDG&E hopes to be able to file with the Commission in the near future.

Based on the number of SDG&E’s approved contracts, contracts under negotiations, and contracts short listed from the 2008 RFO, a significant amount of SDG&E’s renewable opportunities require the Sunrise Powerlink transmission line in order to deliver its energy to the California grid. As a practical matter, without the Sunrise Powerlink transmission line, SDG&E will likely not achieve delivery of 20% of retail sales from renewable energy within the compliance period.

e) Early interconnection plan in the Tehachapi region. The Pacific Wind agreement proposes to build a 205 MW wind project in the Tehachapi area and interconnect at the Cotton Wind substation. The project was originally anticipated to achieve commercial operation in 2008 and is contingent on new transmission lines being approved and built. This resource represents a significant portion of SDG&E’s need for renewable energy. However, the recently adopted CAISO transmission plan for the Tehachapi area indicates that the build-out plan adopted for Tehachapi will delay the

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**See, e.g.,** the CAISO Grid Planning Standards and SDG&E Transmission Ranking Cost Reports (public) and CAISO Feasibility and Facilities Studies (confidential).
commercial operations date until 2011. SDG&E is actively working with SCE, Pacific Wind, and the CAISO to devise a plan to allow for earlier interconnection with delivery of this project as soon as possible. SCE filed it’s CPCN on June 29, 2007 requesting approval of its Tehachapi Renewable Transmission Project, which includes the Whirlwind (Sub 5) substation. Although Pacific Wind’s preferred interconnection is Cotton Wind substation, a four-mile gen-tie would be required to interconnect at the Whirlwind substation. SCE has indicated that this scenario could allow early interconnection by 2010, but would require approval of the CPCN no later than December 31, 2009. SDG&E recommends that the Commission expedite the approval of this CPCN.

Although the Tehachapi build-out has the potential to add greatly to the State’s progress towards its RPS goals, SDG&E notes that it has not received a single offer from this region since its 2005 RFO.

SDG&E recommends that the Commission and the CEC implement a process to expedite the completion of transmission infrastructure.

2) Increased Pricing. It is apparent that each years’ RFO has resulted in year-on-year increases in the offered prices by developers of renewable resources. While some of this increase is attributable to the rise in worldwide commodity prices, and increased EPC costs, some other portion of the increase is attributable to the incremental demand created by an RPS program with mandated targets and associated penalties. The demand created by RPS has stretched the ability of manufacturers to keep pace with the surge in items like wind turbines, specialty glass needed for solar and drilling rigs required for geothermal. For producers with costs below the MPR, it is likely that some form of
opportunity pricing is also taking place where the MPR is seen as a single-clearing price market where a bidder’s concern is the size of a discount below MPR required to clear its bid, rather than a bid based upon costs.

3) Emerging Technology Projects. SDG&E has observed that the projects bid into its RPS RFOs are often not at the same stage of development as projects bid into RFOs for conventional resources. The developers of renewable resources sometimes submit offers that would benefit greatly from more pre-submittal work in the areas of cost estimation, site control and permitting. The work done on offers seems to be often progressing in parallel with the negotiation of the bid. The result is that offers can change significantly during the negotiation process. At this late stage of the process (long after losing bidders have been dismissed) SDG&E is often faced with the decision whether to terminate negotiations or work through various issues as each element of the developer’s project comes together (land acquisition, procurement, permitting, etc). The lesson learned is that less rigidity in the RFO process is a requirement, up to and including supplementing the RFO process with bilateral negotiations.

SDG&E has presented all relevant facts and issues surrounding its 2010 Plan within this document and all accompanying attachments and exhibits.

8. IMPORTANT CHANGES

A document that identifies, summarizes, explains and justifies important changes between the 2008 and 2009 and 2010 Plans is attached as Appendix E.D.

Redlined versions of this document and all other plan documents revised in accordance with D.09-06-018, marked to show changes from the draft 2009 Plan filed on September 15, 2008, are attached as Appendix G-E.
2010 RPS PROCUREMENT PLAN

APPENDIX A
2010 RPS SOLICITATION
2010 REQUEST FOR OFFERS

ELIGIBLE RENEWABLE RESOURCES

ISSUED TBD

OFFERS DUE +6 WEEKS AFTER ISSUED

OFFERS DUE (FOR PROJECTS IN THE SPL REGION) +8 WEEKS AFTER ISSUED

RFO WEBSITE http://www.sdge.com/renewablerfo2010

EMAIL QUESTIONS/COMMENTS TO renewablerfo@semprautilities.com
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2.0 RFO Website and Communication

3.0 RFO Schedule

4.0 RFO Response Instructions

4.A RFO Response Instructions (for projects located in regions served by Sunrise Powerlink)

5.0 RPS Program Parameters

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6.0 SDG&E Background

7.0 Resource Criteria

8.0 FIN46 Requirements

9.0 Evaluation Criteria

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10.0 Rejection of Offers

11.0 Confidentiality

12.0 Credit Terms and Conditions

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<tbody>
<tr>
<td>Credit Provisions for Long-Term Offers (Term = 10, 15 or 20 Years)</td>
</tr>
</tbody>
</table>

13.0 CPUC Approval
1.0 SCOPE OF REQUEST

San Diego Gas & Electric Company (SDG&E) is issuing this Request for Offers (RFO) to solicit offers from eligible renewable energy generators (Respondents). By responding, Respondents are bound by the terms of this RFO. SDG&E is seeking resources to expand its renewable portfolio. Resources offered must meet the California Renewable Portfolio Standard (RPS) eligibility criteria set forth by the California Energy Commission (CEC). (See Section 5.0 RPS Program Parameters for additional information.)

In order to submit proposals under this solicitation, Respondent’s project should have participated in the 2009–2010 Transmission Ranking Cost Report (TRCR) study applicable to the specific utility’s transmission grid to which the project will tie-in. Proposals from Respondents not participating in the TRCR may be deemed non-conforming and denied from further consideration under this solicitation. Responses from Respondents who have system impact studies (dated 2006 or later) approved by the California Independent System Operator (CAISO) are also acceptable and deemed in conformance of the RFO. SDG&E may entertain requests for consideration of non-conforming offers at its sole discretion on a case-by-case basis. See RFO Section 4.0 – “RFO Response Instructions” for additional information.

Proposed products may be for Peaking, Baseload, Dispatchable (unit firm) or As-available deliveries. Proposed resources may include capacity and energy from:

1) Re-powering of existing facilities;
2) Incremental capacity upgrades of existing facilities;
3) New facilities;
4) New facilities that are scheduled to come online during the years specified in this RFO that have excess or uncontracted quantities of power for a short time frame;
5) Existing facilities with expiring contracts; or
6) Eligible resources currently under contract with SDG&E. SDG&E shall consider offers to extend terms of or expand contracted capacities for existing agreements.

Contracts resulting from this RFO may require the Respondents to comply with the Resource Adequacy (RA) requirements that are being implemented by both the California Public Utilities Commission (CPUC) and the CAISO. SDG&E may use the qualifying RA capacity from any contract resulting from this RFO in its required RA showing for the term of the contract. SDG&E reserves the right to resell RA capacity under contract resulting from this RFO.

Additional resource criteria are described in Section 7.0 Resource Criteria. Resources may be proposed on the basis of any of the alternatives described below.
ALTERNATIVE I.  POWER PURCHASE AGREEMENT
Respondent shall propose a 10, 15 or 20-year power purchase agreement for capacity and/or energy from an eligible renewable resource that can meet the criteria described herein. Proposed short term agreements of up to 9 years in duration and long term in excess of 20 years will also be accepted. Any resultant agreement shall be subject to CPUC approval, regardless of the term. Resources may be located: (a) anywhere in CA or (b) outside of CA so long as they meet the criteria as defined in California Public Utilities Code Section 399.16 and CEC RPS Eligibility Guidebook. All resources must ultimately be delivered to any point within California and must commence deliveries in, 2010, 2011, 2012, or 2013, 2014 or 2015. SDG&E prefers that resources located outside of the CAISO control area have adequate firm transmission capability to deliver to the CAISO control area during the delivery term. The generating facility and transmission interconnection must be designed and constructed in conformance with the CAISO various reliability agreements, procedures, protocols, tariffs and standards. The Respondent will own and operate the facilities and be responsible for development, land acquisition, fuel supply source and transportation, permitting, financing and construction for the facilities. Respondents must be poised to sign an agreement in substantially the form of the Model Power Purchase Agreement (Model PPA) (See Section 14.0 Offer Response Forms and Other Documents.)

ALTERNATIVE II.  POWER PURCHASE AGREEMENT WITH SDG&E BUYOUT OPTION
In addition to the PPA described above, Respondents offering new renewable resources may also provide an option price for SDG&E to acquire the facility along with all environmental attributes, land rights, permits and other licenses – thus enabling SDG&E to own and operate the facility at the end of the PPA term. Resources must be located in the San Diego County, parts of Orange County that are within SDG&E’s service area, or Imperial Valley areas and must commence deliveries in 2010, 2011, 2012, or 2013, 2014 or 2015. If SDG&E accepts the buyout option, SDG&E would notify the Respondent and exercise the option in Year 9 and pay for the buyout at the end of Year 10. Otherwise, the PPA shall continue until its scheduled conclusion. Respondents may select the overall PPA to be either 10, 15, 20 or more years. The generating facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO’s various reliability agreements, procedures, protocols, tariffs and standards. The offer shall include (1) the capacity and energy price in the delivery term of the PPA; (2) a firm price and the year for the buyout option; and (3) the capacity and energy price for the remaining PPA years if SDG&E does not exercise the buyout option. Respondents must provide complete design and construction specifications for the technology being proposed. Respondents must be poised to sign a power purchase agreement in substantially the form of the Model Power Purchase Agreement. (See Section 14.0 Offer Response Forms and Other Documents.)
ALTERNATIVE III. TURNKEY ACQUISITION AGREEMENT

Respondent may propose to develop, permit, and construct a new renewable generating facility to be acquired by SDG&E. Resources must be located in the San Diego County, parts of Orange County that are within SDG&E’s service area, or Imperial Valley areas and must commence deliveries in 2010, 2011, 2012, or 2013, 2014 or 2015. The facility must be located on land owned or leased by the Respondent, with land rights assigned to or purchased by SDG&E as part of the generation facility acquisition. Any land lease, subject to SDG&E approval, must be in adequate form and for an adequate term (at least the life of the asset). The generating facility and transmission interconnection must be designed and constructed in conformance with CAISO’s various reliability agreements, procedures, protocols, tariffs and standards. Respondents must provide complete design and construction specifications for the technology being proposed. Respondents may also propose joint ownership/development opportunities, alternative financing or sharing of commercial risks that would reduce the cost to SDG&E.

RFO Website:
http://www.sdge.com/renewablerfo2010
2.0 RFO WEBSITE AND COMMUNICATION

The RFO and all subsequent revisions and documents are available for download from the RFO Website. Potential Respondents are responsible for checking the RFO Website for subsequent updates, notices and postings.

The RFO website contains RFO forms and documents, RFO Schedule, and a Question and Answer forum. Those intending to bid must register first to receive a username/password prior to uploading electronic offers. See instructions on the website to register. The DEADLINE TO REGISTER is indicated in Section 3.0 – “RFO Schedule”.

All questions or other communications regarding this RFO must be submitted via email to renewablerfo@semprautilities.com by the DEADLINE TO SUBMIT QUESTIONS as specified in Section 3.0 RFO Schedule. SDG&E will not accept questions or comments in any other form.

RFO Website:
http://www.sdge.com/renewablerfo2010
3.0 RFO SCHEDULE

The following schedule and deadlines apply to this RFO. SDG&E reserves the right to revise this schedule at anytime and in SDG&E’s sole discretion. Respondents are responsible for accessing the RFO Website for updated schedules and possible amendments to the RFO or the solicitation process.

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<td>3.</td>
<td>Pre-Bidder’s Conference in El Centro, California</td>
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<td>4.</td>
<td>DEADLINE TO SUBMIT QUESTIONS</td>
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<td>Question submittal cut-off date.</td>
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<td></td>
<td>Answers to all questions will be posted on the website no later than April 24, 2009.</td>
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<td>5.</td>
<td>DEADLINE TO REGISTER</td>
<td>+5 weeks</td>
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<td>Those intending to bid must register to receive a username/password in order to upload electronic offers.</td>
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<td>6.</td>
<td>CLOSING DATE:</td>
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<td>Offers must be uploaded to and received by the RFO Website no later than NOON (local prevailing time).</td>
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<td>7.</td>
<td>DEADLINE TO SUBMIT HARDCOPIES/CD</td>
<td>Two days after closing date</td>
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<td>Respondents submit to SDG&amp;E one original signed offer (hardcopy) and one CD.</td>
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<tr>
<td>8.</td>
<td>SPL CLOSING DATE (for projects located in the SPL Region):</td>
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<td>Offers must be uploaded to and received by the RFO Website no later than NOON (local prevailing time).</td>
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<tr>
<td>9.</td>
<td>DEADLINE TO SUBMIT HARDCOPIES/CD (for projects located in the SPL Region): Respondents submit to SDG&amp;E one original signed offer (hardcopy) and one CD.</td>
<td>Two days after closing date</td>
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<tr>
<td>10.</td>
<td>SDG&amp;E notifies the CPUC (Executive Director) that the RFO has closed.</td>
<td>Two days after SPL Closing Date</td>
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<td>SDG&amp;E notifies short-listed Respondents</td>
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<td>12.</td>
<td>Letter due from short-listed Respondents indicating:</td>
<td>+21 weeks after issuance</td>
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<td></td>
<td>a. Withdrawal from SDG&amp;E’s solicitation; OR</td>
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<td></td>
<td>b. Acceptance of short-listed standing, withdrawal of participating in any other solicitation and evidence of withdrawal notice to all other solicitors.</td>
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<td>13.</td>
<td>Due from short-listed Respondents accepting shortlist standing a Development Period Security equal to $3.00 per kW of Nameplate Capacity up to a maximum of $100,000 according to the provisions of Section 12.0 Credit Terms and Conditions. (waived for projects located in the SPL Region)</td>
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</tr>
<tr>
<td>14.</td>
<td>SDG&amp;E submits FINAL short list to Commission and PRG</td>
<td>+23 weeks after issuance</td>
</tr>
<tr>
<td>15.</td>
<td>SDG&amp;E issues appreciation notices to unsuccessful Respondents</td>
<td>+24 weeks after issuance</td>
</tr>
<tr>
<td>16.</td>
<td>SDG&amp;E submits LCBF report to CPUC; IE submits Preliminary IE Report to CPUC</td>
<td>+30 weeks after issuance</td>
</tr>
<tr>
<td>17.</td>
<td>Submits Advice letters with PPAs to CPUC of proposed contracts</td>
<td>Within 1 month of executing agreement</td>
</tr>
</tbody>
</table>
PRE-BID CONFERENCES

SDG&E will host two pre-bid conferences. The first pre-bid conference will be on mmm dd, yyyy in San Diego; California. The second will be on mmm dd, yyyy in El Centro, California. Participation in the pre-bid conference is NOT mandatory in order to submit an offer. Please monitor the RFO Website periodically. The venues will be posted as soon as arrangements are finalized.

Any party interested in attending this pre-bid conference should email the following information to renewablerfo@semprautilities.com.

- Selected conference (San Diego or El Centro)
- Company name
- Attendees’ names, titles and contact information
4.0 RFO RESPONSE INSTRUCTIONS

Respondents may submit one or more offers to this solicitation by submitting the forms listed below. Forms are available on the RFO Website. The failure to provide the listed information may result in the proposal being deemed non-conforming and may disqualify the proposal from further consideration.

Required Forms:
1) Participation Summary
2) Project Description Form – Submit one per project.
3) Pricing Form – Respondents may submit more than one pricing option per project.
4) Credit Application
5) Model PPA – Required for Alternative I and II offers only. Respondents shall populate and redline the Model PPA.
6) Additional Narrative Form – Required for Alternative II and III offers only.
7) Project Viability Calculator – Respondents must self assess the viability of the proposed project using the CPUC’s Project Viability Calculator.

The Participation Summary, Project Description Form, Credit Application, redlines to the Model PPA and Additional Narrative Form must be in Word or Word-compatible format (not in PDF). The Pricing Form and Project Viability Calculator must be in Excel or Excel-compatible format (not in PDF).

Optional Forms:
1) Consent Form - Respondents who did not participate in the TRCR but have a CAISO-approved System Impact Study (SIS) shall submit a copy of the study along with the respondent’s offer. SDG&E requests that respondents sign and return a Consent Form enabling the interconnecting utility’s transmission personnel to share respondent’s non-public transmission information with personnel in SDG&E’s Electric and Gas Procurement Department to facilitate full evaluation of respondent’s offer consistent with FERC Order 2004. Once received, SDG&E will post notice on its OASIS website of the respondent’s consent along with a statement that SDG&E did not provide any preferences, either operational or rate-related, in exchange for the voluntary consent.

All offers must be uploaded to the RFO Website no later than Noon, local prevailing time, on the CLOSING DATE (see RFO Schedule). Any party interested in submitting an offer must fill-out and email an RFO Registration Form (available from the RFO Website) to renewablerfo@semprautilities.com. SDG&E will process the form and provide the interested party instructions necessary to upload offers. A username/password combination will be issued allowing access to the offer upload link.
No later than the DEADLINE TO SUBMIT HARDCOPIES/CD, Respondent shall provide to SDG&E one hardcopy printout of the original offer signed by an authorized officer of the Respondent, along with one CD. The original signed offer must be IDENTICAL to the electronic offer submittal, and must be sent to the address shown below:

San Diego Gas & Electric Company  
Electric and Gas Procurement Department  
Attn: RPS RFO Response  
8315 Century Park Court, CP21D  
San Diego, CA 92123-1593

All offer materials submitted shall be subject to the confidentiality provisions of Section 11 Confidentiality of this RFO.

SDG&E will review and may utilize all information, if any, submitted by a Respondent that is not specifically requested as a part of any forms. During all stages of the RFO process, SDG&E reserves the right to request additional information from individual Respondents or to request any Respondent to submit supplemental materials in fulfillment of the content requirements of this RFO or to meet additional information needs. SDG&E also reserves the unilateral right to waive any technical or format requirements contained in the RFO.

Respondents offering the same capacity and/or energy from one resource to multiple solicitations are hereby advised that if SDG&E notifies Respondent that the offer is being short-listed, the Respondent MUST immediately withdraw their offer from all other solicitations or risk being removed from the short-list. Respondent’s shall confirm such withdrawal by submitting to SDG&E a copy of the written correspondence sent to all other solicitations pertaining to such withdrawal while granting SDG&E permission to contact the other solicitors to confirm the withdrawal. ALL OFFERS SHALL BE VALID AND BINDING UPON THE RESPONDENT AFTER BEING SELECTED FOR THE SHORT LIST UNTIL CONTRACT EXECUTION.

SDG&E WILL NOT REIMBURSE RESPONDENTS FOR THEIR EXPENSES UNDER ANY CIRCUMSTANCES, REGARDLESS OF WHETHER THE RFO PROCESS PROCEEDS TO A SUCCESSFUL CONCLUSION OR IS ABANDONED BY SDG&E IN ITS SOLE DISCRETION.

RFO Website:  
http://www.sdge.com/renewablerfo2010
4.0A RFO RESPONSE INSTRUCTIONS  
(FOR PROJECTS LOCATED IN REGIONS SERVED BY SUNRISE POWERLINK)

The recently-approved Sunrise Powerlink\(^1\) provides California IOUs access to clean energy from renewable rich areas and provides developers with a means to transport renewable energy to utility load centers. SDG&E is pleased for the first time to solicit renewable projects from areas served by Sunrise Powerlink ("SPL Region"). The map below defines geographically the SPL Region (highlighted in yellow).

To promote the development of renewable projects in the SPL Region, SDG&E is waiving selected solicitation requirements and creating special accommodations as detailed below.

1) SDG&E is hosting a special pre-bid conference in El Centro, California. Although all developers are invited to attend, the theme of the special pre-bid conference will center around projects in the SPL Region. SDG&E will invite Imperial Irrigation District, Comision Federal de Electricidad, and the CAISO to give presentations on the interconnection process. See the RFO website for details on event date, time and location as well as instructions to register for the event.

2) The due date for offers from the SPL Region will be extended by two weeks.

3) The Project Development Fee for shortlisted projects in the SPL Region will be waived.

4) To help alleviate upload traffic on the due date, Respondents submitting offers for projects located in the SPL Region will upload bids via a special, dedicated upload link. See the RFO website for details on how to access this link.

\(^1\) Decision D.08-12-058
website for instructions to obtain a username/password combination to upload bids via this dedicated link.

5) SDG&E’s Renewable Energy Resource Center in El Centro, California can assist renewable energy developers in launching their projects in California’s Imperial County. The center also will serve as the local development office for the Sunrise Powerlink, a 120-mile, 500-kilovolt transmission line that will carry up to 1,000 megawatts of renewable energy to San Diego. The address of the Renewable Energy Resource Center is 1425 Main Street, El Centro, CA 92243.
5.0 RPS PROGRAM PARAMETERS

CALIFORNIA RPS PROGRAM

California’s Renewable Portfolio Standard (RPS) Program was adopted in 2002 and is codified at Public Utility Code sec 399.11, et seq. In adopting the RPS legislation, the Legislature specifically found and declared that increasing California’s reliance on renewable energy resources promotes the purpose of and may accomplish each of the following:

- Increase the diversity, reliability, public health and environmental benefits of the energy mix
- Promote stable electricity prices
- Protect public health and improve environmental quality
- Stimulate sustainable economic development and create new employment opportunities
- Reduce reliance on imported fuels
- Ameliorate air quality problems
- Improve public health by reducing the burning of fossil fuels

Current law requires Investor Owned Utilities (IOU’s) to comply with two requirements: (1) annually increase its procurement of renewable resources by 1% of its retail sales and (2) procure renewable energy in the amount of 20% of retail sales by 2010. The CPUC issued its first decision implementing the RPS Program, D.03-06-071 on June 19, 2003. This decision established certain basic RPS Program parameters. The CPUC has subsequently issued several additional RPS-related decisions in rulemaking proceeding R.04-04-026, and successor proceedings R.06-02-012, R.06-05-027 and R.08-08-009. SDG&E will comply with all CPUC decisions governing RPS procurement, including the requirement that short term contracts are only accepted after long-term contracts are executed which equal 0.25% of SDG&E’s prior year retail sales. These decisions are publicly available on the CPUC’s website at http://www.cpuc.ca.gov/PUC/energy/electric/RenewableEnergy/decisions.htm.

This RFO is being conducted in compliance with relevant statutory and regulatory directives. Requirements set forth within the law and all directives shall be incorporated herein by reference. A full text of the law and the above-mentioned CPUC decisions can be downloaded from the CPUC website. Respondents are encouraged to review all RPS-related, CPUC issued directives available on the same Internet websites and are responsible for understanding and abiding by all RPS provisions.

RPS ELIGIBILITY CRITERIA

Respondents successfully signing agreements with SDG&E must warrant that the resources being offered in response to this solicitation are certifiable as an “eligible renewable resource” by the California Energy Commission (CEC). Eligibility criteria are set forth by the CEC in its Renewable Portfolio Standard Eligibility Guidebook. The CEC guidebook can be downloaded from the following internet website: http://www.energy.ca.gov/renewables/02_REN-1038/documents/index.html. Respondents are encouraged to review all RPS-related, CEC issued directives available on the same

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2 See Senate Bill (SB) 1078 (Stats. 2002 Ch. 516), as amended by SB 107, (Stats. 2006, Ch. 464).
Internet website and are responsible for understanding and abiding by all RPS provisions. All requirements set forth within the CEC’s guidebooks and all RPS-related documents shall be incorporated herein by reference. SDG&E has no preferred “eligible renewable resource” or resource stack and will judge the merits of each bid based on the provisions of Section 9.0.

Respondents are encouraged, although not required, to apply for pre-certification from the CEC in advance of submitting an offer. Pre-certification forms are available from the above-entitled guidebook. An excerpt of the eligibility requirements is provided at the end of this section.

**PRODUCTION TAX CREDIT**

The CPUC initially ruled in 2003 that each utility, as part of its RFO process, must stipulate that any funds received by bidders from the federal PTC be passed through entirely to ratepayers. The CPUC subsequently clarified that each utility issuing a solicitation should stipulate in its RFO, and in subsequent negotiations with bidders, that each bidder should submit two price offers. One price offer will apply if the federal PTC is not extended. The second price offer will apply if the federal PTC is extended. This stipulation is necessary given the present uncertainty surrounding renewal of the PTC. A full text of the ruling can be downloaded from [http://www.cpuc.ca.gov/PUBLISHED/RULINGS/30260.htm](http://www.cpuc.ca.gov/PUBLISHED/RULINGS/30260.htm).

**PROCUREMENT REVIEW GROUP**

The Procurement Review Group (PRG), a CPUC-endorsed entity, is composed of non-market participants such as ratepayers’ advocacy groups, state energy and water commissions, power authorities, utility-related labor unions and other non-commercial, energy-related special interest groups. CPUC Decision D.03-06-071 established the role of the PRG in the RPS Program. The PRG is charged with overseeing the IOU’s procurement process, reviewing procedural fairness, examining overall procurement prudence and providing feedback during all stages. From RFO language development to offer evaluation to contract negotiation, IOU’s brief the PRG on a periodic basis during the entire process.

Respondents are hereby notified that revealing confidential offer information to the PRG is required during PRG briefings in accordance with Section 10 (“Confidentiality”). Each Respondent must clearly identify, as part of its offer, what type of information it considers to be confidential.

**INDEPENDENT EVALUATOR**

The CPUC requires each IOU to use an Independent Evaluator to separately evaluate and report on the IOU’s entire solicitation, evaluation, and selection process for this solicitation. This will serve as an independent review of SDG&E’s implementation of the RFO process and final selections. The Independent Evaluator shall make periodic presentations regarding its findings to the IOU, and the IOU’s PRG including the CPUC Energy Division staff. The intent is to preserve the independence of the Independent Evaluator by ensuring free and unfettered communication between the Independent Evaluator and the CPUC as well as and open, fair, and transparent process that the Independent Evaluator can affirm.

SDG&E is committed to ensuring an open and transparent solicitation, and to providing a fair, reasonable and competitive process.
6.0 SDG&E BACKGROUND

SDG&E provides electric service to approximately 1.3 million customers in San Diego County and the southern portion of Orange County. SDG&E also provides natural gas service to approximately 775,000 gas customers. The electric customer base comprises 89% residential and 11% commercial and industrial customers.

SDG&E’s electric transmission network is comprised of 130 substations with 884 miles of 69-kV, 265 miles of 138-kV, 349 miles of 230-kV, and 215 miles of 500-kV transmission lines. Local (“on system”) generating resources are the Encina plant (connected into SDG&E’s grid at 138 kV and 230 kV), the South Bay plant (connected at 69 kV and 138 kV), the Palomar Energy Center (connected at 230kV) and a number of combustion turbine facilities located around the service area (connected at 69 kV). Imported resources are received via the Miguel Substation as the delivery point for power flow on the Southwest Power Link (SWPL), which is SDG&E’s 500-kV transmission line that runs from Arizona to San Diego along the U.S./Mexico border, and via the SONGS 230-kV switchyard.

Figure 1 shows a simplified diagram of existing SDG&E’s service area and the electric transmission topology in San Diego County and the southern portion of Orange County. Planned or approved transmission facilities for the future (if any) are not shown on this map.
7.0 RESOURCE CRITERIA

SDG&E seeks resources with the minimum characteristics described below.

1) Technology type, project location and delivery start date must conform with details provided in Section 1.0 Scope of Request.

2) Proposed resources must be CEC-certifiable as an eligible renewable resource;

3) The Net Contract Capacity must be ≥ [1.5MW or 3.0MW], net of all auxiliary and station parasitic loads; (if within SDG&E service area)

4) The Net Contract Capacity must be ≥ 5MW, net of all auxiliary and station parasitic loads; (if outside of SDG&E service area)

5) All green attributes must be tendered to SDG&E. The form PPA contemplates the purchase and sale of energy, capacity attributes, green attributes, and other ancillary service products bundled together from a single project. SDG&E will consider bids where these products are unbundled.

In addition to the minimum characteristics described above and in Section 1.0 Scope of Request, additional requirements expected from Respondents successfully entering into an agreement with SDG&E include, but is not limited to:

1) Respondents shall be financially and operationally responsible for the transmission gen-tie up to the point of interconnection with the local transmission/distribution network in accordance with applicable laws. Gen-tie costs must be included in the offer price for energy and/or capacity.

2) For PPA-only offers, Respondents must have a verifiable fuel resource plan for the duration of the PPA.

3) For the PPA and during the PPA term of Alternative II, Respondent will provide personnel required to operate the Facility.

4) For the PPA and during the PPA term of Alternative II, resource operations will be scheduled in accordance with the CAISO Tariff, as from time to time modified. CAISO compliant real-time metering of the generation will be required for Energy Management System (EMS) data.

5) For the PPA and during the PPA term of Alternative II, Respondents must execute Participating Generator Agreements and Meter Service Agreements as required by the CAISO. If the project is outside of CAISO’s jurisdiction, Respondents must make all interconnection and wheeling arrangements required.

6) For the PPA and during the PPA term of Alternative II, to facilitate monthly settlement processes, Respondents shall authorize Buyer to view the Facility’s CAISO on-line meter data by identifying SDG&E as an authorized user with “read only” privileges on Schedule 3 of Respondent’s Meter Service Agreement with the CAISO. For resources outside of CAISO’s area, Respondent will provide similar access to SDG&E, if such an interface exists, with the system operator having jurisdiction over the project.
7) For PPA-with-Buyout and Turnkey proposals, Respondents shall include as part of its offer a proposal to provide a 10-year Operations & Maintenance servicing agreement for the proposed resource during SDG&E’s ownership.

8) Respondents depending on PTCs, ITCs or any other subsidies shall pass through 100% of the savings on to SDG&E’s ratepayers via reduced contract prices.
8.0 FIN46 REQUIREMENTS

Generally Accepted Accounting Principles and SEC rules require SDG&E to evaluate whether or not SDG&E must consolidate a Seller's financial information. SDG&E will require access to financial records and personnel to determine if consolidated financial reporting is required. If SDG&E determines at any time that consolidation is required, SDG&E shall require the following during every calendar quarter for the term of any resultant agreement:

a) Complete financial statements and notes to financial statements, within 15 days of the end of each quarter;

b) Financial schedules underlying the financial statements, within 15 days of the end of each quarter;

c) Access to records and personnel, so that SDG&E’s internal or independent auditor can conduct financial audits (in accordance with generally accepted auditing standards) and internal control audits (in accordance with Section 404 of the Sarbanes-Oxley Act of 2002) ) and SDG&E can meet its SEC filing requirements;

d) Certifications by duly authorized representatives as may be reasonably requested by SDG&E; and

e) Such other information as reasonably requested by SDG&E.

Any information provided to SDG&E shall be treated as confidential, except that it may be disclosed for financial statement purposes. Full details of SDG&E’s requirements in connection with consolidation are set forth in the Model PPA.

RFO Website:
http://www.sdge.com/renewablerfo2010
9.0 EVALUATION CRITERIA

SDG&E will utilize the Offer Response Forms and narratives to evaluate all offers. Respondents are responsible for the accuracy of all figures and calculations. Errors discovered during negotiations may impact Respondents standing on the short-list.

SDG&E will periodically brief the members of the PRG during the various stages of evaluation. Upon completion of SDG&E’s evaluation process, SDG&E will brief the PRG members regarding SDG&E’s recommendations for its Short-List. Based upon the comments and recommendations received from the PRG, SDG&E may modify the Preliminary Short-List as necessary.

EVALUATING SHORT TERM OFFERS (TERM ≤ 5-9 YEARS)

SDG&E evaluates all short-term offers via a three-step process. The following provides a general description of the steps.

Step I: Check for Conformance. Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Step I, will be deemed “conforming” and will move on to Step II.

Step II: Preliminary Ranking and Short Listing. SDG&E will assess price reasonableness of each offer by various methods including comparing the offer to 1) a publicly available energy market price index plus, if necessary, an appropriate valuation of other attributes bundled within the offer. The index and attribute valuation SDG&E uses will depend on the location and nature of the offer; or, 2) offers received in recent RFO’s. Offers will be sorted from most reasonably priced to least reasonably priced.

Step III: After offers are sorted by price, SDG&E will short list the most reasonably priced offers that are most viable and reliable. Given development risks associated with building a new facility, existing resources may be deemed more viable than new. However, if a Respondent can successfully demonstrate that a new project comes without undue risk of completion, SDG&E will consider the proposal. Projects will be deemed to be more reliable if they provide some minimum guaranteed delivery to SDG&E.

EVALUATING LONG TERM OFFERS (TERM = 10, 15, OR 20 OR MORE YEARS)

SDG&E evaluates all long-term offers via a three-step process. Passing each step is required in order to advance to the next level, with the eventual Short Listed offers having to pass all levels. The following provides a general description of each evaluation level.

Step I: Check for Conformance. Check to ensure that all offers meet minimum RFO criteria. All offers meeting minimum requirements will pass Step I, will be deemed “conforming” and will move on to Step II.
Step II: Preliminary Ranking and Short Listing. This assessment will be based on the all in price, including capacity and energy, Time of Delivery factors, transmission network upgrade costs, congestion costs/credits, as well as duration equalization adders and debt resource adequacy scoring. Offers will be ranked on a present value, $/MWh basis from lowest to highest cost. SDG&E will populate the preliminary shortlist with offers to fulfill at least twice its RPS MWh need. In doing so, SDG&E would eliminate offers that are noticeably more expensive.

Step III: Modeling/Detailed Analysis. After the preliminary short list has been approved by the PRG, the Offers may be modeled to determine impacts to SDG&E’s portfolio. If modeling occurs, the shortlist may be updated based on modelling results which identify offers that best meet SDG&E’s bundled customer needs.

SDG&E is evaluating long-term offers in accordance with CPUC direction and criteria established for the RPS Program. SDG&E will place high emphasis on the offer pricing in its evaluations, not only in terms of the initial cost to SDG&E, but also the long-term costs. Upon completion of Step III, SDG&E may differentiate offers of similar cost\(^3\) by reviewing qualitative factors including: (in no particular order of preference)

- a) Project viability
- b) Local reliability
- c) Benefits to low income or minority communities
- d) Resource diversity
- e) Environmental stewardship

These factors will be used to differentiate long-term offers with similar costs for those resources under consideration near the annual procurement target. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors. SDG&E notes that a project scoring low on the Project Viability Calculator may not be shortlisted even if it ranks high on the LCBF quantitative evaluation.

Consistent with CPUC Decision D.04-07-029 issued on July 8, 2004, SDG&E will treat dispatchability, curtailability and repowering as quantitative attributes and will evaluate these factors using quantitative methods. SDG&E requests that Respondents elaborate in their offer on the benefits of their project with regard to these factors.

\(^3\) The term “similar cost” is used to indicate expected indifference by the PRG and CPUC as to the cost of one offer or another. The PRG will have access to SDG&E’s evaluation and the quantitative and qualitative components of those offers prior to SDG&E’s recommendation filing to the CPUC.
10.0 REJECTION OF OFFERS

SDG&E SHALL TREAT ALL RESPONDENTS FAIRLY AND EQUALLY AND SHALL EVALUATE ALL OFFERS IN GOOD FAITH. WHILE SDG&E IS MINDFUL OF THE BENEFITS OF RENEWABLE ENERGY AND IS VIGOROUSLY PURSUING THE GOALS OF THE RPS, IT MAKES NO GUARANTEE THAT A CONTRACT AWARD SHALL RESULT FROM THIS RFO EVEN AFTER AN OFFER HAS BEEN SHORTLISTED. SDG&E RESERVES THE RIGHT AT ANY TIME, AT ITS SOLE DISCRETION, TO ABANDON THIS RFO PROCESS, TO CHANGE THE BASIS FOR EVALUATION OF OFFERS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY OFFER OR TO ENTER INTO ANY DEFINITIVE AGREEMENT, TO EVALUATE THE QUALIFICATIONS OF ANY RESPONDENT OR THE TERMS AND CONDITIONS OF ANY OFFER, OR TO REJECT ANY OR ALL OFFERS, ALL WITHOUT NOTICE AND WITHOUT ASSIGNING ANY REASONS AND WITHOUT LIABILITY OF SEMPRA ENERGY, SDG&E, OR ANY OF THEIR SUBSIDIARIES, AFFILIATES, OR REPRESENTATIVES TO ANY RESPONDENT. SDG&E SHALL HAVE NO OBLIGATION TO CONSIDER ANY OFFER.

RFO Website:
http://www.sdge.com/renewablerfo2010
11.0 CONFIDENTIALITY

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF SDG&E, RESPONDENTS MAY NOT DISCLOSE (OTHER THAN BY ATTENDANCE ALONE AT ANY MEETING TO WHICH MORE THAN ONE RESPONDENT IS INVITED BY SDG&E) TO ANY OTHER RESPONDENT OR POTENTIAL RESPONDENT THEIR PARTICIPATION IN THIS RFO, AND RESPONDENTS MAY NOT DISCLOSE, COLLABORATE ON, OR DISCUSS WITH ANY OTHER RESPONDENT, OFFER STRATEGIES OR THE SUBSTANCE OF OFFERS, INCLUDING WITHOUT LIMITATION THE PRICE OR ANY OTHER TERMS OR CONDITIONS OF ANY INDICATIVE OR FINAL OFFER.

SDG&E WILL USE THE HIGHER OF THE SAME STANDARD OF CARE IT USES WITH RESPECT TO ITS OWN PROPRIETARY OR CONFIDENTIAL INFORMATION OR A REASONABLE STANDARD OF CARE TO PREVENT DISCLOSURE OR UNAUTHORIZED USE OF RESPONDENT’S CONFIDENTIAL AND PROPRIETARY INFORMATION THAT IS LABELED AS “PROPRIETARY AND CONFIDENTIAL” ON THE OFFER PAGE ON WHICH THE PROPRIETARY INFORMATION APPEARS (“CONFIDENTIAL INFORMATION”). RESPONDENT SHALL SUMMARIZE ELEMENTS OF THE OFFER(S) IT DEEMS CONFIDENTIAL. THE SUMMARY MUST CLEARLY IDENTIFY WHETHER OR NOT PRICE, PROJECT NAME, LOCATION, SIZE, TERM OF DELIVERY AND TECHNOLOGY TYPE (EITHER COLLECTIVELY OR INDIVIDUALLY) ARE TO BE CONSIDERED CONFIDENTIAL INFORMATION. CONFIDENTIAL INFORMATION MAY BE MADE AVAILABLE ON A “NEED TO KNOW” BASIS TO SDG&E’S DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, CONSULTANTS, THE INDEPENDENT EVALUATOR, AGENTS AND ADVISORS (“REPRESENTATIVES”) FOR THE PURPOSE OF EVALUATING RESPONDENT’S OFFER, BUT SUCH REPRESENTATIVES SHALL BE REQUIRED TO OBSERVE THE SAME CARE WITH RESPECT TO DISCLOSURE AS SDG&E.

NOTWITHSTANDING THE FOREGOING, SDG&E MAY DISCLOSE ANY OF THE CONFIDENTIAL INFORMATION TO COMPLY WITH ANY LAW, RULE, OR REGULATION OR ANY ORDER, DECREE, SUBPOENA OR RULING OR OTHER SIMILAR PROCESS OF ANY COURT, SECURITIES EXCHANGE, CONTROL AREA OPERATOR, GOVERNMENTAL AGENCY OR GOVERNMENTAL OR REGULATORY AUTHORITY AT ANY TIME EVEN IN THE ABSENCE OF A PROTECTIVE ORDER, CONFIDENTIALITY AGREEMENT OR NON-DISCLOSURE AGREEMENT, AS THE CASE MAY BE, WITHOUT NOTIFICATION TO THE RESPONDENT AND WITHOUT LIABILITY OR ANY RESPONSIBILITY OF SDG&E TO THE RESPONDENT.

IT IS EXPRESSLY CONTEMPLATED THAT MATERIALS SUBMITTED BY A RESPONDENT IN CONNECTION WITH THIS RFO WILL BE PROVIDED TO THE CPUC, ITS STAFF, THE CEC, ITS STAFF, AND THE PRG. SDG&E WILL SEEK CONFIDENTIAL TREATMENT PURSUANT TO PUBLIC UTILITIES CODE SECTION 583 AND GENERAL ORDER 66-C OF THE CPUC, WITH RESPECT TO ANY RESPONDENT CONFIDENTIAL INFORMATION SUBMITTED BY SDG&E TO THE CPUC FOR THE PURPOSES OF
OBTAINING REGULATORY APPROVAL. SDG&E WILL ALSO SEEK CONFIDENTIALITY PROTECTION FROM THE CEC FOR RESPONDENT’S CONFIDENTIAL INFORMATION AND WILL SEEK CONFIDENTIALITY AND/OR NON-DISCLOSURE AGREEMENTS WITH THE PRG. SDG&E CANNOT, HOWEVER, ENSURE THAT THE CPUC OR CEC WILL AFFORD CONFIDENTIAL TREATMENT TO A RESPONDENT’S CONFIDENTIAL INFORMATION OR THAT CONFIDENTIALITY AGREEMENTS OR ORDERS WILL BE OBTAINED FROM AND/OR HONORED BY THE PRG, CEC, OR CPUC.

SDG&E, ITS REPRESENTATIVES, SEMPRA ENERGY, AND ANY OF THEIR SUBSIDIARIES DISCLAIM ANY AND ALL LIABILITY TO A RESPONDENT FOR DAMAGES OF ANY KIND RESULTING FROM DISCLOSURE OF ANY OF RESPONDENT’S INFORMATION.

RFO Website:
http://www.sdge.com/renewablerfo2010
12.0 CREDIT TERMS AND CONDITIONS

SDG&E has the unilateral right to evaluate and determine the credit-worthiness of the Respondent relative to this RFO. The Respondent is required to complete, execute and submit the RFO credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. Respondents may download the application from the RFO Website.

CREDIT PROVISIONS FOR OFFERS UP TO 2 YEARS

SDG&E’s requires the Respondent to provide Delivery Term Security during the delivery term of the PPA. The Delivery Term Security, regardless of the term of the agreement, will be the estimated delivery amount times $5/MWH, never to exceed twice the annual estimated delivery amount times $5/MWH. The form of the Delivery Term Security Delivery Term Security(e.g. parent guaranty, deed of trust, letter of credit) will be at SDG&E’s sole discretion and will depend on various factors including Respondent’s credit worthiness, the estimated annual delivery amount and the term of the agreement.

CREDIT PROVISIONS FOR OFFERS GREATER THAN 2 YEARS

Within 5 business days after being notified by SDG&E that a bid proposed by a Respondent is on the short list, the Respondent will provide a per-project collateral to SDG&E (“a Development Period Security”) equal to: the lesser of either (i) $3.00 per kW of the facility’s nameplate capacity, or (ii) $100,000. The Development Period Security shall be paid in cash or as a posted letter of credit or surety bond in a form and from an issuer acceptable to SDG&E. The Development Period Security shall be refunded (with interest) to Respondent if Respondent and SDG&E fail to reach an agreement and such failure is not due to Respondent’s withdrawal of its offer or a material misrepresentation of pricing or non-pricing information made by Respondent. If Respondent and SDG&E do execute an agreement, the Development Period Security shall be security for Respondent’s obligations thereunder for the period until Construction Period Security (described below) is delivered or the agreement is terminated because a condition precedent has not been achieved by the deadline therefore. The Development Period Security shall be forfeited as payment of liquidated damages to SDG&E unless the agreement is not approved by the CPUC. If a Respondent submitted bids from one facility covering more than one of the alternatives listed in Section 1.0 Scope, the Respondent would be required to provide only one Development Period Security., however, if the Respondent submits bids for more than one facility, the Respondent will be required to provide a Development Period Security for each facility.

In addition to the Development Period Security(s), SDG&E’s credit provisions for renewable resources requires the Respondent to provide collateral to SDG&E on the date on which all of the conditions precedent in the PPA are either satisfied or waived. A Construction Period Security is required during the construction phase until the Respondent’s facility achieves commercial operation. The Construction Period Security
amount will be determined by multiplying twice the annual estimated energy amount in MWh by $5/MWh. SDG&E will have the right to draw upon the Construction Period Security to pay for delay damages if the commercial operation is delayed. Once the facility achieves commercial operation, a Delivery Term Security will be required during the delivery term of the PPA. The Delivery Term Security will be determined by multiplying twice the annual estimated energy amount in MWh by $15/MWh.

All credit support arrangements (e.g., parent guaranty, deed of trust, letter of credit) must be negotiated prior to an offer being accepted as a winning offer. A model guaranty and a model letter of credit may be downloaded from the RFO Website as attachments to the PPA.

For questions regarding credit terms, please contact Ms. Judy Delgadillo at (213) 244-4343. Questions and answers will not be subject to disclosure to other parties.

RFO Website:
http://www.sdge.com/renewablerfo2010
13.0 CPUC APPROVAL

SDG&E shall submit all signed contracts to the CPUC for approval. All signed contracts will contain the condition precedent language that has been standardized by the CPUC for this purpose and which the Model PPA contains.

RFO Website:
http://www.sdge.com/renewablerfo2010
APPENDIX B

RFO DOCUMENTS

1) Participation Summary
2) Project Description Form
3) Pricing Form
4) Additional Narrative Form
5) Model PPA
6) Renewable Power Purchase and Interconnection Agreement (for Public Water or Wastewater Agencies)
7) Credit Application
8) Consent Form
9) Project Viability Calculator
Instructions

Populate the table on the next tab to summarize the number of projects and describe the nature of each pricing option. Assign sequential letters (A to Z) for each unique project and assign sequential numbers to pricing options as shown in the example below. An all-or-nothing scalable project with multiple phases should be assigned one letter, not one letter per phase and listed at its final project size. A project which can be built with (1) multiple optional phases; (2) auxiliary equipment to increase output; or (3) supplemental equipment to provide operational flexibility should be assigned one Project Letter with multiple pricing options for each phase or configuration.

Example

Respondent is submitting three projects.

The first is a scalable, solar thermal project built in four, 25MW phases. The offer is made on an “all-or-none” basis so the Buyer must-take all four phases. After all four phases are complete, the project will total 100MW. Respondent is also suggesting that storage capability can be available as well.

The second is a scalable, solar thermal project built in three, 50MW phases. The Buyer may choose to contract for one, two or all three phases. The Buyer may also consider storage capability at the 150MW level.

The third project is for a 50MW geothermal project.

<table>
<thead>
<tr>
<th>Project Letter</th>
<th>Pricing Option No.</th>
<th>Project Name &amp; Description</th>
<th>MW (At 100% completion)</th>
<th>Characteristic of Pricing Option</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>SunStart Solar</td>
<td>100</td>
<td>20-year PPA with ITC</td>
</tr>
<tr>
<td>A</td>
<td>2</td>
<td>SunStart Solar</td>
<td>100</td>
<td>20-year PPA without ITC</td>
</tr>
<tr>
<td>A</td>
<td>3</td>
<td>SunStart Solar with 5-hour storage</td>
<td>100</td>
<td>PPA with Buyout</td>
</tr>
<tr>
<td>A</td>
<td>4</td>
<td>SunStart Solar with 5-hour storage</td>
<td>100</td>
<td>Turnkey Offer</td>
</tr>
<tr>
<td>B</td>
<td>1</td>
<td>Sunrich Solar</td>
<td>50</td>
<td>25-year PPA with ITC</td>
</tr>
<tr>
<td>B</td>
<td>2</td>
<td>Sunrich Solar (optional 50MW)</td>
<td>100</td>
<td>25-year PPA with ITC</td>
</tr>
<tr>
<td>B</td>
<td>3</td>
<td>Sunrich Solar (optional 50MW)</td>
<td>150</td>
<td>25-year PPA with ITC</td>
</tr>
<tr>
<td>B</td>
<td>4</td>
<td>Sunrich Solar (with 3-hour storage)</td>
<td>150</td>
<td>25-year PPA with ITC (3-hrs)</td>
</tr>
<tr>
<td>B</td>
<td>5</td>
<td>Sunrich Solar</td>
<td>50</td>
<td>25-year PPA without ITC</td>
</tr>
<tr>
<td>B</td>
<td>6</td>
<td>Sunrich Solar (optional 50MW)</td>
<td>100</td>
<td>25-year PPA without ITC</td>
</tr>
<tr>
<td>B</td>
<td>7</td>
<td>Sunrich Solar (optional 50MW)</td>
<td>150</td>
<td>25-year PPA without ITC</td>
</tr>
<tr>
<td>B</td>
<td>8</td>
<td>Sunrich Solar (with 3-hour storage)</td>
<td>150</td>
<td>25-year PPA without ITC (3-hrs)</td>
</tr>
<tr>
<td>C</td>
<td>1</td>
<td>Newland Geothermal</td>
<td>50</td>
<td>20-year PPA with PTC</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>Newland Geothermal</td>
<td>50</td>
<td>20-year PPA without PTC</td>
</tr>
<tr>
<td>C</td>
<td>3</td>
<td>Newland Geothermal</td>
<td>50</td>
<td>Turnkey Offer</td>
</tr>
</tbody>
</table>

For administrative purposes, SDG&E will refer to the Turnkey Offer for the SunStart Solar with 5-hour storage project as offer A4.
<table>
<thead>
<tr>
<th>Project Option Definitions</th>
<th>Technology</th>
<th>Project Name and Description</th>
<th>Project Location</th>
<th>Delivery Point (Point where energy will transfer to SDG&amp;E)</th>
<th>Term (years)</th>
<th>Notes/Remarks</th>
<th>After 100% project completion</th>
<th>Characteristic of Pricing Option</th>
<th>Notes/Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Solar PV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Wind</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Solar Thermo</td>
<td>Solar Plant, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Solar PV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Wind</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table Notes:**
- **Delivery Point:** Point where energy will transfer to SDG&E.
- **Term (years):** Term of the project.
- **Notes/Remarks:** Additional notes or remarks.
- **After 100% project completion:** Information related to completion phase.
- **Characteristic of Pricing Option:** Details of the pricing option.

**General Notes:**
- Projects are assigned sequential letters (A-Z) for each project.
- Projects may be built in multiple phases, each phase may have a different pricing option.
- Additional information on project status, delivery points, etc.
- For solar projects, please indicate the affected customers and grid connections.

**Additional Notes/Comments:**

*For scalable projects, respondent may propose 100% of output following completion of each phase by indicating such in the pricing form.
Instructions:
1. Submit one Project Description Form for each project being submitted for SDG&E’s consideration.
2. If offering multiple pricing options for one project, please do so via multiple Pricing Forms.
3. Use green font for information the Respondent deems to be confidential.
4. Limit and focus the discussions so that this form does not exceed 50 pages (10 size font).

### A. Company Information

<table>
<thead>
<tr>
<th>Company Name Submitting Offer(s)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Name on potential contract(s) (if different)</td>
<td></td>
</tr>
<tr>
<td>Project Name</td>
<td></td>
</tr>
<tr>
<td>Street Address</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td></td>
</tr>
<tr>
<td>State</td>
<td></td>
</tr>
<tr>
<td>Zip Code</td>
<td></td>
</tr>
</tbody>
</table>

### B. Company Representative

<table>
<thead>
<tr>
<th>Primary Contact</th>
<th>Secondary Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>Title</td>
<td></td>
</tr>
<tr>
<td>Office Phone</td>
<td></td>
</tr>
<tr>
<td>Cell Phone</td>
<td></td>
</tr>
<tr>
<td>Email Address</td>
<td></td>
</tr>
</tbody>
</table>

### C. Project Summary

Respondents having contracts with SDG&E may propose to extend terms or expand contracted capacities for existing agreements. However, Respondents may not propose to increase existing contract prices for contracted capacities during the remaining term of an existing agreement.

**Resource Origin** (Check one)
- New Facility
- Re-powered Facility
- Existing Facility with expiring contract with SDG&E or a third-party
- Upgrading an existing Facility and offering upgraded output to SDG&E
- Other. Please describe:

<table>
<thead>
<tr>
<th>Technology Type <em>(biomass, solar thermal, wind, etc)</em></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Completion Date</td>
<td></td>
</tr>
<tr>
<td>Nameplate MW <em>(at 100% project completion)</em></td>
<td></td>
</tr>
<tr>
<td>Net Contract MW <em>(at 100% project completion)</em></td>
<td></td>
</tr>
<tr>
<td>Capacity Factor</td>
<td></td>
</tr>
<tr>
<td>Expected MWH <em>(first 12 months after 100% project completion)</em></td>
<td></td>
</tr>
<tr>
<td>Percent Expected MWH degrades annually</td>
<td></td>
</tr>
</tbody>
</table>
## D. Proposed Facility Location

*Insert site location map(s) in Section O of this Response Form.*

<table>
<thead>
<tr>
<th>Project Name</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Name <em>(if different from above)</em></td>
<td></td>
</tr>
<tr>
<td>Street Address</td>
<td></td>
</tr>
<tr>
<td>City, State</td>
<td></td>
</tr>
</tbody>
</table>

Describe merits of proposed site/location.

Discuss status of site control, including required easements.
E. Proposed Product

Describe the attributes which are and are not bundled within the Respondent’s offer, including Renewable Energy Credits as defined by the CPUC, resource adequacy, ancillary services, etc...
F. Interconnection TRCR, Interconnection Application, Delivery Point

<table>
<thead>
<tr>
<th>Host Utility/Muni</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interconnection Point (substation name, line or physical description)</td>
<td></td>
</tr>
<tr>
<td>City, State of Interconnection Point</td>
<td></td>
</tr>
<tr>
<td>Was this project submitted into any TRCR?</td>
<td></td>
</tr>
<tr>
<td>If yes, list the IOUs whose TRCR the project was submitted.</td>
<td></td>
</tr>
<tr>
<td>Host utility’s TRCR Cluster to which Project would interconnect (regardless of whether Respondent participated in host utility’s TRCR)</td>
<td></td>
</tr>
<tr>
<td>Is the project in the SPL Region?</td>
<td></td>
</tr>
<tr>
<td>CREZ Zone (N/A if out-of-state)</td>
<td></td>
</tr>
</tbody>
</table>

| Has an interconnection application been submitted? |  |
| If no: Date Application will be filed |  |
| If yes: Date Application filed |  |
| Queue Position |  |
| Completed Feasibility Study? |  |
| Completed System Impact Study? |  |

| Proposed Actual Delivery Point (Identify the specific substation, pnode, etc...) |  |
| Is the Delivery Point in California? or a CAISO trading hub? |  |
| Delivery Zone (NP-15, ZP-26, SP-15) or Trading hub (Palo Verde, Mid-C, Mead, etc.) |  |

<table>
<thead>
<tr>
<th>Host Utility/Muni</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interconnection Point (substation name, line or physical description)</td>
<td></td>
</tr>
<tr>
<td>City, State of Interconnection Point</td>
<td></td>
</tr>
<tr>
<td>Is a System Impact Study for this project included with the offer? (If yes, please sign the Consent Form.)</td>
<td></td>
</tr>
<tr>
<td>If yes: Is the study CAISO approved?</td>
<td></td>
</tr>
<tr>
<td>If the study is dated 2006 or earlier, explain why the study and costs are still valid.</td>
<td></td>
</tr>
</tbody>
</table>
G. Electric Interconnection Plan and Costs

Transmission upgrade plan and costs are vital for SDG&E to assess overall project viability and cost. The absence of this information or providing inaccurate descriptions or costs may render a Respondent’s offer(s) non-conforming, delay the evaluation for the response(s) and/or impact the Respondent’s standing on the short-list.

Discuss interconnection plan and status. (Even if application has not been submitted.)

Provide an itemized cost breakdown of expected interconnection costs attributable to both Respondent and host utility. (i.e. voltage support costs, reconductoring costs, etc.)

Note that gen-tie costs (including but not limited to: cable, transformers, protection gear and other equipment on the generator side of the meter) attributable to Respondent shall be included in the bid price indicated on the Pricing Forms.
### H. Proposed Technology

Describe the proposed technology:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

Discuss the viability of proposed technology:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Discuss operational reliability of proposed technology.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

How many projects and MWs with proposed technology have been installed worldwide? Discuss year(s) of installation, project locations, project size at each location and operational success.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## I. Fuel Source Plan

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has a fuel availability (wind assessments, solar radiation index, etc…) study been performed for the proposed site?</td>
<td>[Blank]</td>
</tr>
<tr>
<td>If applicable, has a long term fuel contract been executed with a supplier?</td>
<td>[Blank]</td>
</tr>
<tr>
<td>Discuss project’s overall fuel plan and status.</td>
<td>[Blank]</td>
</tr>
</tbody>
</table>
J. Financing Plan

Discuss the project’s financing plan and status, including on-going debt/equity ratio to be carried by the project during construction (if a new facility) and during operation, sources of debt and equity, equity percentage by sponsor, financing organizations (including rates and terms), level of commitment by investors and lenders. **If anticipating the need for subsidies, grants, Production Tax Credits, Investment Tax Credits or any other third party monetary awards, detail finances associated with monetary awards and discuss how the lack of funding shall impact the offer.**
### K. Permitting

Populate the following table with a list of required permits and anticipated completion. Include CEC RPS Certification and if applicable, water rights.

<table>
<thead>
<tr>
<th>No.</th>
<th>Permit Type/Name</th>
<th>Issuing Agency</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Has project received RPS Certification from the CEC?

If yes:

Certification No.

If no:

Date Application filed or to be filed

Describe anticipated issues surrounding RPS certification.

Discuss plan and status to obtain the permits listed above. Discuss required water rights and status to obtain such rights. Describe scope of assistance from any third party (if applicable).
### L. Project Schedule

<table>
<thead>
<tr>
<th>No.</th>
<th>Milestones</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Submit interconnection application.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>File any land applications.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>File a CEC Certification and Verification application.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>File Governmental Approval application(s) [add details].</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Receive a completed interconnection feasibility study.</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Receive CEC Certification and Verification.</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Receive a completed interconnection system impact study.</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Obtain control of all lands and rights-of-way comprising the Site.</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Receive a completed interconnection facility study.</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Execute interconnection agreement and/or transmission agreement.</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Receive FERC acceptance of interconnection agreement/transmission agreement(s).</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Execute a turbine supply contract.</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Receive all Governmental Approvals [add details].</td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Deliver full NTP under EPC contract and begins construction of the Project.</td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Begin startup activities.</td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Execute Meter Service Agreement and Participating Generator Agreement.</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Achieve initial operation.</td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Commercial Operation Date.</td>
<td></td>
</tr>
</tbody>
</table>
Discuss overall project and construction schedule.
M. Operational Characteristics

Insert Facility Drawings in Section P of this Response Form.

Discuss operational characteristics including required maintenance, delivery profile (peak and off-peak, hourly, daily, seasonal, annual), curtailability and dispatchability.

(If offering the ability to curtail deliveries, discuss terms and operational conditions including, annual hours resource can be curtailed, the amount of curtailable capacity and the cost to SDG&E.)


## N. Corporate Profile and Experience

*Please be brief and refrain from including extensive marketing materials, resumes, etc, especially information outside the scope of the project.*

<table>
<thead>
<tr>
<th><strong>Corporate background and organizational structure for the project.</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Describe project team’s background and experience developing projects of a similar nature.</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>List and describe other projects of a similar nature and technology developed by Respondent currently in operation.</strong></th>
</tr>
</thead>
</table>
O. Site Location Maps

Insert site location map(s) clearly showing the location, size, and orientation of the site; the location of the expected interconnections for transmission, fuel, and water; and the location of residential communities, schools, hospitals, airports, churches, cemeteries, or other expected sensitive receptors within five miles of the site.
P. Facility Drawings

Insert facility drawings and diagrams including general equipment arrangement of the site, electric interconnect one line diagram showing the scope of supply, delivery point and metering for the electric interconnection including any transmission line and switchyard. If applicable, include fuel interconnection diagram indicating fuel delivery point.
Q. Additional Information

Insert additional relevant information necessary for SDG&E to evaluate the merits of the proposal.
R. Confidential Information

Identify parts, sections and elements of the offer (including information in this and all other forms) which Respondent considers to be Confidential and Proprietary in accordance with RFO Section 11 Confidentiality.
PRICING FORM CHANGES

In the 2009 RPS RFO, some bidders entered erroneous or unclear information on bid forms, either due to lack of understanding of the RFO process or from conflicting interpretations of requested data in the bid forms. In order to make the bid data entry process clearer to bidders, and to facilitate SDG&E's ability to process bids in the RFO in a timely fashion, data entry into bid form worksheet cells will be restricted, either through cell locking and protection, or through validation rules.

Because of the limits of cell locking, worksheet protection, and validation rules in Microsoft Excel, several pop-up forms have been designed and incorporated into the 2010 RPS RFO bid form workbook. These forms will be used to enter data into sections of the bid form workbook that have caused the most confusion in previous RFOs. The sequence of bid form sections, both pop-up forms and worksheet forms, will be displayed in the sequence that a bidder would be expected to use during the bid entry process.

FORM 1, PROJECT INFORMATION

This is a pop-up form that did not exist in the 2009 RPS RFO bid form. The information entered into this bid form is the same as the information on the Basic Bid Information form of the 2009 RPS RFO bid form. The "Proceed to Pricing Assumptions" button in the lower right corner will transfer the data in the form to the Basic Bid Information form in the 2010 RPS RFO bid form, close the pop-up form, and move the bidder to the Pricing Assumptions pop-up form of the 2010 RPS RFO bid form.
**FORM 2, BASIC BID INFORMATION**

This form is a worksheet form that is unchanged from the 2009 RPS RFO bid form. Data from the previous pop-up form will be used to populate this worksheet; the bidder will be restricted from changing data in the worksheet cells (although data may be changed in the Project Information pop-up form, and the fields re-populated).

<table>
<thead>
<tr>
<th>Company Information</th>
<th>Company Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Name Submitting Offer:</td>
<td>Primary Contact</td>
</tr>
<tr>
<td>Company Name on Potential Contract:</td>
<td>Contact Name:</td>
</tr>
<tr>
<td>Company Address:</td>
<td>Contact Title:</td>
</tr>
<tr>
<td></td>
<td>Office Number:</td>
</tr>
<tr>
<td></td>
<td>Cell Number:</td>
</tr>
<tr>
<td></td>
<td>Email:</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Name:</td>
<td></td>
</tr>
<tr>
<td>Project Letter:</td>
<td></td>
</tr>
<tr>
<td>Technology/Fuel:</td>
<td></td>
</tr>
<tr>
<td>Resource origin:</td>
<td></td>
</tr>
<tr>
<td>Resource Location:</td>
<td></td>
</tr>
<tr>
<td>Interconnection Point:</td>
<td></td>
</tr>
<tr>
<td>Proposed CAISO Delivery Point:</td>
<td></td>
</tr>
<tr>
<td>Facility Nameplate Capacity: MW</td>
<td></td>
</tr>
<tr>
<td>Net Contract Capacity: MW</td>
<td></td>
</tr>
<tr>
<td>Commercial Operation Date:</td>
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</table>
This is a pop-up form that did not exist in the 2009 RPS RFO bid form. The information entered into this bid form is the same as the information on Pricing Assumptions section of the Pricing form of the 2009 RPS RFO bid form. The "Project Name" field, however, will be restricted to the same value that was entered for Project Name on the Project Information form.

The "Existing Renewable Facilities (SB90)" checkbox shown will enter a value into the SB90 subsidy cell of the underlying Pricing worksheet. Previously, this cell had simply been labeled "SB90". With the enactment of SB 1036, effective January 1, 2008, the California Energy Commission's authority to award supplemental energy payments under SB90 was abolished and the New Renewable Resources Account was eliminated effective July 1, 2008. The California Energy Commission was also directed to refund unused supplemental energy payment funds to the utilities whose ratepayers contributed funds to support the Renewable Resource Trust Fund. Consequently, beginning 2008 through 2011, SB 1036 established new funding allocations for the remaining programs: Existing Renewable Facilities Program (20%), Emerging Renewables Program (79%), and Consumer Education Program (1%). The Emerging Renewables Program incentives are only eligible for small projects (less than 50 kw) and fuel cell technologies, both of which are outside the scope of this RFO\(^1\). Therefore, only Existing Renewable Facilities program funds can be applied to RFO projects.

The "Proceed to Capacity Buildout" button in the lower right corner will transfer the data in the form to the Basic Bid Information form in the 2010 RPS RFO bid form, close the pop-up form, and move the bidder to the Capacity Buildout section of the 2010 RPS RFO bid form.

The Capacity Buildout form is a worksheet form did not exist in the 2009 RPS RFO bid form. Several bids were received in the 2009 RPS RFO that had "blocks" of production capacity coming online at various dates, but the bid form had assumed a single commercial operation date. The Capacity Buildout form enables bidders to enter project capacities by month as they come online; the data on this form will be used together with other forms to automatically compute the correct average contract prices and energy deliveries. The bidder will be restricted to entering data in the green cells only; the data to the right of the green cells is populated by protected formulas and macro-generated data. Buttons have been added, "Return to Project Information" and "Proceed to Typical Profile" to allow the bidder to move back or forward in the bid entry process.

### Capacity Buildout Profile

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Begin Deliveries: 1/1/2010  
First Weekday of Deliveries: Friday  
Escalation Type: Annual  

Populate the table with expected nameplate capacity factor for your project on the first day of the month at the top of the column.
The Typical Profile worksheet form is very similar to the Delivery Profile form from the 2009 RPS RFO; the form contains cells for entering a typical 168-hour week of hourly capacity factors for each month. This is a change from the 2009 RPS RFO Delivery Profile form, which required the user to enter an hourly value for expected megawatts produced in each hour. With the addition of the Capacity Buildout form, however, this would create inconsistencies in megawatt production from year to year (or even month to month), so the megawatt production values have been replaced with capacity factors (percentage of maximum capacity). Bidders are restricted from entering values greater than 100% or less than 0% for any hour.

References to megawatt hours have been removed from the 2009 RPS RFO Delivery Profile in order to avoid confusion; "MWhs" at the bottom of the profile have been replaced by "Factors", which can be multiplied with monthly capacities to compute monthly megawatt-hour production elsewhere in the bid form. The protected formulas at the bottom of the form are unchanged from the formulas in the 2009 RPS RFO. Note that only the top and bottom of the form are shown here; the remainder of the rows in the middle of the form are hourly values of days of the week and have been omitted for clarity of areas containing changes. These omitted cells have not been changed from the same cells on the 2009 RPS RFO Delivery Profile form.

Button controls have been added at the top of the form to enable bidders to navigate back to the Capacity Buildout form or proceed to the Bid Pricing pop-up form.
FORM 6, BID PRICING

The Bid Pricing form is a pop-up form that did not exist in the 2009 RPS RFO bid form. Many minor inconsistencies among bidders created problems with bid evaluation in the 2009 RPS RFO evaluation. Among these problems were bidders switching between calendar year periods and 12-month rolling periods in their forms (which created skewed levelized bid prices), inconsistencies between projected energy deliveries and delivery profiles, inconsistent commercial operation dates between the Pricing worksheet form and the Basic Bid Information form, and other minor quality control issues which required a great deal of time on the part of both SDG&E staff and the Independent Evaluator to clarify with bidders and rectify bid forms. This pop-up form was created to help bidders properly compute annual bid costs based upon SDG&E's experiences, and to clear up confusion between bidders' intentions and SDG&E's evaluation methods.

The Commercial Operation Date field is restricted, and will be populated with a date consistent with data entered on previous forms. First Year Energy Pricing and First Year Capacity Pricing fields will allow the bidder to enter the appropriate value for the first year of contract deliveries. The Annual Price Escalator field will allow the bidder to enter an annual escalation rate (values will be restricted to between 0% and 100%). The Escalation frame will allow the bidder to choose whether pricing will escalate every twelve months from COD, or on January 1st of each calendar year (to date, these are the only two methods of escalation that bidders have requested). Bidders will have the option of entering "CPI" in the field, which will cause the bid form to use a pre-entered set of CPI escalators that will be set by SDG&E prior to the issuance of the RFO.

Once these values are entered, the fields for Period Beginning Date, Capacity Price, Energy Price, MWhs Delivered and Total Cost will be populated automatically by the form based upon values entered on this form and in previous forms. These values will then populate the relevant cells on the Pricing worksheet form. The Levelized Price per MWh field will show a computed levelized cost of energy per MWh based upon the computed data.

Should the bidder wish to use pricing varying by time of day periods, a Time Of Day Pricing button has been added that will show the TOD Pricing form. If the project is a turnkey bid or buyout option, the bidder can click the Turnkey Cost Data button which will produce a pop-up form that can be used to enter turnkey bid cost data for projects of various technologies. Buttons to return the bidder to the Price Assumptions form, or continue to the Dispatch form, have been added to the bottom of the form.
## Pricing Form

- **Commercial Operation Date:**
- **First Year Energy Pricing ($/MWh):**
- **First Year Capacity Pricing ($/kW-yr):**
- **Annual Price Escalator:**
  - Every 12 Months from COD
  - Every January 1st

### Levelized Price per MWh:

### Turnkey Cost Data

### Time Of Day Pricing

### Pricing and Escalation

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<th>MWhs Delivered</th>
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### Return to Price Assumptions

### Proceed to Dispatch
FORM 7, TIME OF DAY PRICING

The Time Of Day Pricing form is a pop-up form that did not exist in the 2009 RPS RFO bid form. This form can be loaded from the Pricing form, and can be used by the bidder to enter customized prices for energy deliveries in each Time Of Day period. The Time Of Day price period multipliers are shown prominently in the form (these multipliers are subject to change prior to the issuance of the 2010 RPS RFO). Bidders may enter their own prices, or may click on the "Use SDG&E TOD Factors" button to automatically compute the first year Time Of Day prices based upon SDG&E's Time Of Day multipliers. These prices will then be used to compute the corresponding annual prices in the Bid Pricing pop-up form and the Pricing worksheet form. The TOD Factors fields are automatically computed from the prices entered in the First Year Energy Pricing fields (based upon the ratio of the TOD First Year Energy Price to the First Year Energy Price on the Bid Pricing form). The Return to Bid Price Form button will close this form and return control to the Bid Pricing pop-up form.
This worksheet form is unchanged from the Pricing Form Page 1 of the 2009 RPS RFO bid form. Cells on this worksheet will be populated by data entered in previous forms. Bidders will be restricted to green cells, and editing of data in green cells which results in inconsistencies with data entered into previous forms will result in warning messages to the bidder.

**Pricing Assumptions**

- Potential costs excluded from the bid price: Optional Dispatch-down Provision
  - Note: The ability to dispatch-down is optional, not required.
- Unit Firm Projects
- Capacity pricing is only available to unit firm projects.
- Annual hours facility may be dispatched-down: Hours
- Create additional copies of this spreadsheet to propose additional pricing options for the same project.
- Unit Cost per Curtailment: per MWH curtailed
- Ramp-down rate (MW per minute or hour): Indicate per min. or per hr.
- Minimum up time (minutes or hours): Indicate min. or hrs.
- Minimum down time (minutes or hours): Indicate min. or hrs.
- Operating range (MW net): MW minimum

**Product Type**

- *If the Renewable Energy Source is solar or wind, product type must be "As-Available".
- **If the Product Type is "As-Available", Unit Firm Type must be "N/A".

**Optional Dispatch-down Provision**

- (Note: The ability to dispatch-down is optional, not required.)
- Annual hours facility: Hours
- Capacity Value: 
- Amount of Controllable Capacity: 
- Rate per Min: 
- Minimum ramp rate (MW per minute or hour): Indicate per min. or per hr.
- Minimum up time (minutes or hours): Indicate min. or hrs.
- Minimum down time (minutes or hours): Indicate min. or hrs.
- Operating range (MW net): MW minimum

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- **Forecasted Summer**
- **Forecasted Winter**
- **Guaranteed**
- **Estimated**
- **Total**

- **Net Output**
- **Capacity Price**
- **Annual Delivery**
- **Annual Energy**
- **Capacity Factor**
- **All-In Unit Cost**

- **Product Type**
  - (a) Flat Pricing
  - (b) TOD Pricing

**TIME-OF-DAY DELIVERIES**

Columns (I) through (P) will prorate data from Column (H) by the generation shape from the <Typical Profile> tab.

**Guaranteed**

- **Estimated**
- **Total**

- **Off-Peak**
- **Semi-Peak**
- **On-Peak**

- **Peak**
- **Semi-Peak**
- **Off-Peak**

- **Winter**
- **Summer**

- **Winter Off-Peak**
- **Summer Off-Peak**
- **Summer Semi-Peak**
- **Summer On-Peak**

**Optional Subsidies/Tax Benefits**

- None required.
- Check all applicable:
  - PTC
  - MPC
  - Other
  - List all

- **Check all Applicable PTC**
  - SB90
  - Other

- **Product Type**
  - *If the Renewable Energy Source is solar or wind, product type must be "As-Available".
  - **If the Product Type is "As-Available", Unit Firm Type must be "N/A".

- **PPA Term**

**Capacity Factor**

- **All-In Unit Cost**

- **Unit Firm Term**

- **As-Available**

- **Optional Dispatch-down Provision**

- **Capacity Value**

- **Rate per Min**

- **Minimum ramp rate (MW per minute or hour)**

- **Minimum up time (minutes or hours)**

- **Minimum down time (minutes or hours)**

- **Operating range (MW net)**

- **Required Subsidies/Tax Benefits**

- **None required.**

- **Check all applicable PTC**
  - SB90
  - Other

- **Product Type**
  - *If the Renewable Energy Source is solar or wind, product type must be "As-Available".
  - **If the Product Type is "As-Available", Unit Firm Type must be "N/A".

- **PPA Term**

- **As-Available**

- **Optional Dispatch-down Provision**

- **Capacity Value**

- **Rate per Min**

- **Minimum ramp rate (MW per minute or hour)**

- **Minimum up time (minutes or hours)**

- **Minimum down time (minutes or hours)**

- **Operating range (MW net)**

- **Required Subsidies/Tax Benefits**

- **None required.**

- **Check all applicable PTC**
  - SB90
  - Other

- **Product Type**
  - *If the Renewable Energy Source is solar or wind, product type must be "As-Available".
  - **If the Product Type is "As-Available", Unit Firm Type must be "N/A".

- **PPA Term**

- **As-Available**
The Turnkey Costs (Wind Project) form is a pop-up form that did not exist in the 2009 RPS RFO bid form. This form will allow bidders to enter turnkey data if their project is designated as a wind project in previous forms. Data from this form will be used to populate the Pricing worksheet form, Page 2, for turnkey bids. Buttons allow the bidder to return to the Bid Pricing popup form or continue to the O&M costs form.

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Enter O&M Costs
The Turnkey Costs (Solar Photovoltaic) form is a pop-up form that did not exist in the 2009 RPS RFO bid form. This form will allow bidders to enter turnkey data if their project is designated as a solar PV project in previous forms. Data from this form will be used to populate the Pricing worksheet form, Page 2, for turnkey bids. Buttons allow the bidder to return to the Bid Pricing popup form or continue to the O&M costs form.
FORM 11, TURNKEY COSTS (SOLAR THERMAL)

The Turnkey Costs (Solar Thermal) form is a pop-up form that did not exist in the 2009 RPS RFO bid form. This form will allow bidders to enter turnkey data if their project is designated as a solar thermal project in previous forms. Data from this form will be used to populate the Pricing worksheet form, Page 2, for turnkey bids. Buttons allow the bidder to return to the Bid Pricing popup form or continue to the O&M costs form.
The Turnkey Costs (Biomass) form is a pop-up form that did not exist in the 2009 RPS RFO bid form. This form will allow bidders to enter turnkey data if their project is designated as a biomass project in previous forms. Data from this form will be used to populate the Pricing worksheet form, Page 2, for turnkey bids. Buttons allow the bidder to return to the Bid Pricing popup form or continue to the O&M costs form.

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Enter O&M Costs
The Turnkey Costs (Biogas/Landfill Gas) form is a pop-up form that did not exist in the 2009 RPS RFO bid form. This form will allow bidders to enter turnkey data if their project is designated as a biogas or landfill gas project in previous forms. Data from this form will be used to populate the Pricing worksheet form, Page 2, for turnkey bids. Buttons allow the bidder to return to the Bid Pricing popup form or continue to the O&M costs form.

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Additional notes/comments:

Enter O&M Costs
FORM 14, TURNKEY COSTS (GEOTHERMAL)

The Turnkey Costs (Geothermal) form is a pop-up form that did not exist in the 2009 RPS RFO bid form. This form will allow bidders to enter turnkey data if their project is designated as a geothermal project in previous forms. Data from this form will be used to populate the Pricing worksheet form, Page 2, for turnkey bids. Buttons allow the bidder to return to the Bid Pricing popup form or continue to the O&M costs form.
FORM 15, OPERATING AND MAINTENANCE COSTS

The Operating and Maintenance Costs form is a pop-up form that did not exist in the 2009 RPS RFO bid form. This form will allow bidders to enter O&M costs for turnkey bids. Data from this form will be used to populate the Pricing worksheet form, Page 2, for turnkey bids. Bidders can use this form to designate whether they will provide O&M services, or if SDG&E will have to provide O&M services. Escalation options are the same as described in the Bid Pricing popup form. Capacity and Energy Delivery fields will be populated with the same values from previous forms. Buttons allow the bidder to return to the Bid Pricing popup form or continue to the O&M costs form.

<table>
<thead>
<tr>
<th>Operating Costs</th>
<th>Capacity (MW)</th>
<th>Energy Delivery (MWhs)</th>
<th>Site Operations</th>
<th>Repairs &amp; Maintenance</th>
<th>Land Costs and Property Taxes</th>
<th>Insurance</th>
<th>Administrative</th>
<th>Other</th>
<th>Value of Subsidies (if applicable)</th>
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<td>Period Beginning Date</td>
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This worksheet form is slightly changed from the Pricing Form Page 2 of the 2009 RPS RFO bid form. Cells on this worksheet will be populated by data entered in previous forms. Bidders will be restricted to green cells, and editing of data in green cells which results in inconsistencies with data entered into previous forms will result in warning messages to the bidder.

In the 2009 RPS RFO form, the "Estimated Turnkey Cost" section had separate line items for Building and Construction. This created some confusion among some bidders, as the word "Building" can be construed as a verb, which means the same as "Construction". To avoid this, those two line items have been replaced with one item labeled "Describe Cost Element". The 2009 RPS RFO form also had eleven line items for unspecified costs, labeled "Describe Cost Element"; these have been cut down to five elements, and will be populated with data from the Other fields of the Turnkey Cost forms.

The 2009 RPS RFO form had a cell under the Estimated Turnkey Cost section labeled "Asset Life", which bidders could use to specify their expected asset lives in years. Some bidders entered non-numeric data values or unrealistically long asset lives (greater than 30 years) in these cells; the cell has been removed from this form. Turnkey asset lives will be based upon technology (20 years for wind, solar, and biogas projects, 30 years for biomass, hydro, and geothermal projects) in the 2010 RPS RFO in order to bring them in line with SDG&E internal planning standards and criteria.

### TABLE A & B: PRICING FORM

**Following SDG&E Ownership, Estimated Performance and Costs over 50 years (SDG&E provides O&M):**

<table>
<thead>
<tr>
<th>Year</th>
<th>Start Date</th>
<th>Stop Date</th>
<th>Cap (MW)</th>
<th>Estimated Delivery (MW x c.f. x 8760 hrs.)</th>
<th>Site Operations (1)</th>
<th>Plant Repairs &amp; Maintenance (1)(3)</th>
<th>Interconnect Equipment Maintenance (1)(3)</th>
<th>Land including Property Tax (1)</th>
<th>Insurance (1)</th>
<th>Admin (1)</th>
<th>Other (1)(2)</th>
<th>Total Annual Value of Subsidies (if any)</th>
<th>Total</th>
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(1) If pricing is not fixed, describe the escalation factor(s):
(2) Describe other elements:
(3) Per manufacturers recommended Maintenance schedule.
(4) NPV to January 1, 2009 dollars using 8.40% discount rate.

### TABLE C & D: ALTERNATIVE III BIDS ONLY

**Following SDG&E Ownership, Estimated Performance and Costs over 50 years (Respondent provides O&M):**

<table>
<thead>
<tr>
<th>Year</th>
<th>Start Date</th>
<th>Stop Date</th>
<th>Cap (MW)</th>
<th>Estimated Delivery (MW x c.f. x 8760 hrs.)</th>
<th>Site Operations (1)</th>
<th>Plant Repairs &amp; Maintenance (1)(3)</th>
<th>Interconnect Equipment Maintenance (1)(3)</th>
<th>Land including Property Tax (1)</th>
<th>Insurance (1)</th>
<th>Admin (1)</th>
<th>Other (1)(2)</th>
<th>Total Annual Value of Subsidies (if any)</th>
<th>Total</th>
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(1) If pricing is not fixed, describe the escalation factor(s):
(2) Describe other elements:
(3) Per manufacturers recommended Maintenance schedule.
(4) NPV to January 1, 2009 dollars using 8.40% discount rate.
This worksheet form is unchanged from the Dispatch form of the 2009 RPS RFO bid form.

### Generation Profile (Dispatchable Units Only)

**Instructions:**
If your project is dispatchable, respond to the questions below.

#### Plant Description:

<table>
<thead>
<tr>
<th>Plant Starts</th>
<th>Cost for Each Plant</th>
<th>Start Fuel</th>
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</thead>
<tbody>
<tr>
<td>SDG&amp;E</td>
<td></td>
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<tr>
<td>Start</td>
<td></td>
<td>MMBTU</td>
</tr>
</tbody>
</table>

List the number of starts and startup costs for your plant. Also list the MMBTU associated with the startup cost of your plant if you are burning natural gas.

#### Please Answer the Following Dispatch Information

1. Will your plant be supplemented with Natural Gas or other fossil fuel? _Yes, No or Not Applicable (N/A)_
2. What percentage of your fuel costs will be fixed or variable? _100% Variable_
3. What percentage of your O&M will be fixed or variable? _100% Variable_
4. What percentage of your start costs will be fixed or variable? _0% Fixed_
5. What is your dispatch rate to maximum capacity (e.g. 1 minutes, 1 hour, 1 day)? _Minutes_
6. What is your COLD start ramp-up rate (MW per minute, hour)? _Minutes_
7. What is your HOT start ramp-up rate (MW per minute, hour)? _Minutes_
8. What is your ramp-down rate (MW per minute, hour)? _Minutes_
9. What is your minimum up and minimum down times (e.g. minutes, hours)? _Min Up: Hours, Min Down: Hours_
10. What are your operating ranges MW (minimum and maximum)? _MW Minimum, MW Maximum_
11. What is your expected scheduled maintenance outage rate? _0% Hours/Year_
12. What is your expected forced outage rate? _0% Hours/Year_
13. What are your expected run hours/Year? _Hours/Year_

**Bidder Notes:**

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**Eligible Renewable Resources**
A. Conditions Precedent

The effectiveness of any Agreement shall be subject to (i) CPUC approval of the Agreement and allowing full rate recovery of all costs, (ii) issuance by the CPUC of a certificate of public convenience and necessity authorizing Buyer’s ownership of the Project in form and substance acceptable to Buyer in its sole discretion, and (iii) completion of detailed interconnection and delivery studies and approval by Buyer and Respondent of the costs to be incurred by each party for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of energy from the Project to load as is consistent with FERC’s orders and rulemakings. Please verify that these conditions are acceptable and describe any other conditions being proposed.

B. Transaction Description

Respondent will develop, design, engineer, finance, construct, complete and test the facility on a turnkey basis using qualified contractors and suppliers acceptable to Buyer pursuant to construction contracts and subcontracts in form and substance acceptable to Buyer. Respondent shall sell, and Buyer shall purchase and pay for all of Respondent’s right, title and interest in all of the real property, personal property and intangible assets comprising the Project. Please verify that these conditions are acceptable and describe any other conditions being proposed.
C. Sale Assets

Please provide the following information:

a) A description of the plant/resource (including the underlying Project site, asset life, rated capacity, and capacity factor)

b) A list of spare parts and inventory to be included as of the Closing Date

c) A list of assumed contracts and liabilities
**D. Purchase Price**

Please provide the purchase price, which shall be inclusive of all state and local sales and transfer taxes of any kind, and any delay damages.

---

**E. Payment Terms**

Please describe payments terms associated with the offer.
### F. Performance Guarantees/Performance Liquidated Damages

Discuss any performance guarantees and liquidated damages being offered.

<table>
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### G. Warranty

Discuss any warranty being offered.

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<tr>
<td>Discuss any warranty being offered.</td>
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H. Closing Terms and Conditions

Discuss proposed closing date and proposed closing conditions and ownership transition plans. Discuss how the Purchase Price will be reduced for any delays in achieving the Commercial Operation Date by the guaranteed date.

I. Major Plant Equipment

Respondent shall procure all equipment for the Project from major manufacturers with a proven reliability record. Please provide a list of manufacturers and models. Buyer shall have the right to approve/reject proposed manufacturers and models for major plant equipment of the Project.
J. Land

Describe the land underlying the site being proposed. Discuss how Respondent shall sell or transfer to Buyer the leasehold interest in the land on which the Project is located as part of the Project, free and clear of all liens and encumbrances.

K. Testing Plan

Please describe the testing plan. During testing, Buyer shall have the right to witness the testing to observe the results. However, overall accountability for successful plant performance shall remain with Respondent. The certified results of any tests conducted by Respondent shall be submitted to Buyer within 21 days after the date such tests were conducted for Buyer’s review and approval.
L. Operation and Maintenance Agreement

Please propose a 10-year O&M Agreement. The Agreement shall be effect upon SDG&E ownership of the facility. The Agreement shall include, as a minimum:

a) Operation and Maintenance Fees

b) Operation and Maintenance Plan/Methods. (TPM, TQM, RCM)

c) Personnel profiles

d) Performance Management, including sample reports with (KPIs)

e) SCADA and Maintenance Systems.
M. Credit Support

Describe the proposed credit support being offered

N. Lawsuits

Please discuss whether or not your firm, or any of the executive officers of your firm, been a party to a lawsuit involving the performance of any equipment it has installed. If so, please include a summary of the issues and the status of the lawsuit.
O. Additional Information

*Insert additional relevant information necessary for SDG&E to evaluate the merits of the proposal.*
POWER PURCHASE AGREEMENT

Between

SAN DIEGO GAS & ELECTRIC COMPANY
(as “Buyer”)

and

(as “Seller”)

Legend:

Non-Modifiable Standard Terms and Conditions
Modifiable Standard Terms and Conditions

Modifications to the PPA, except to non-modifiable standard language, may be necessary to accommodate short term deals.
# POWER PURCHASE AGREEMENT

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

**Name:** ____________________________ (“Seller”)
**Name:** San Diego Gas & Electric Company (“Buyer”)

**All Notices:**
**All Notices:**
Street: ____________________________ Zip: __________
Street: 8315 Century Park Court
City: ____________________________ Zip: __________
City: San Diego, CA Zip: 92123
Attn: Contract Administration
Attn: Contract Administration
Phone: ____________________________
Phone: (858) 650-6176
Facsimile: ____________________________
Facsimile: (858) 650-6190
Duns: ____________________________
Duns: 006911457
Federal Tax ID Number: ____________________________
Federal Tax ID Number: 95-1184800

**Invoices:**
**Invoices:**
________________________________________
________________________________________
Attn: San Diego Gas & Electric Company
Attn: Energy Accounting Manager
Phone: (858) 650-6177
Facsimile: (858) 650-6190

**Scheduling:**
**Scheduling:**
________________________________________
________________________________________
Attn: San Diego Gas & Electric Company
Attn: Transaction Scheduling Manager
Phone: (858) 650-6160
Facsimile: (858) 650-6191

**Payments:**
**Payments:**
________________________________________
________________________________________
Attn: San Diego Gas & Electric Company
Attn: Mail Payments
Phone: (619) 696-4521
Facsimile: (619) 696-4899

**Wire Transfer:**
**Wire Transfer:**
BNK: Union Bank of California
BNK: Union Bank of California
ABA: Routing # 122000496
ABA: Routing # 122000496
ACCT: #4430000352
ACCT: #4430000352
Confirmation: SDG&E, Major Markets
Confirmation: SDG&E, Major Markets
FAX: (213) 244-8316
FAX: (213) 244-8316

**Credit and Collections:**
**Credit and Collections:**
________________________________________
________________________________________
Attn: San Diego Gas & Electric Company, Major Markets
Attn: Major Markets, Credit and Collections
Phone: (213) 244-8316
Manager
Fax No.: (213) 244-8316
With additional Notices of an Event of Default or Potential Event of Default to:

Sempra Energy
101 Ash Street
San Diego, CA 92101
Attn: Assistant General Counsel, Commercial Law
Facsimile: (619) 696-4377

Phone: (213) 244-4343
Facsimile: (619) 696-4377

Attn:
Phone: ____________________________
Facsimile: ________________________
ARTICLE ONE: GENERAL DEFINITIONS

For PPAs with existing facilities: all construction related terms to be deleted.

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

“[AAA][JAMS]” means [the American Arbitration Association.][JAMS, Inc.]

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

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

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

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

(a) if the Project is unavailable as a result of a Forced Outage and such Forced Outage is not the result of Seller’s negligence or willful misconduct;

(b) Force Majeure;

(c) by the Buyer’s failure to perform;

(d) by a Planned Outage of the Project;

(e) a reduction in output as ordered under Dispatch Down Periods; or

(f) [the unavailability of landfill gas which was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such landfill gas to the Project, and which by the exercise of reasonable due diligence, Seller is unable to overcome or avoid or causes to be avoided.] OR [insufficient wind power for the Project to generate energy as determined by the best wind speed and direction standards utilized by other wind producers or purchasers in the vicinity of the Project or if wind speeds exceed the Project’s technical specifications.] OR [the unavailability of water or the
unavailability of sufficient pressure required for operation of the hydroelectric turbine-generator as reasonably determined by Seller within its operating procedures, neither of which was anticipated as of the Execution Date, which is not within the reasonable control of, or the result of negligence of, Seller or the party supplying such water to the Project, and which by the exercise of due diligence, such Seller or the party supplying the water is unable to overcome or avoid or causes to be avoided, OR [insufficient solar power for the Project to generate energy as determined by the best solar standards utilized by other solar producers or purchasers in the vicinity of the Project.]

[For Dispatchable Product only: “Availability Adjustment Factor” has the meaning set forth in Section 4.1(b).]

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

[For Dispatchable Product only: “Availability Notice” has the meaning set forth in Section 3.3(f/g).]

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

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

[For Baseload Product only: “Baseload” means a Unit Firm Product for which the delivery levels are uniform twenty-four (24) hours per day, seven (7) days per week.]

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

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

“CAISO” means the California Independent System Operator Corporation or any successor entity performing similar functions.
[When SDG&E is the SC for the Project: “CAISO Charges Invoice” has the meaning set forth in Section 3.3[(a/b)](iv).]

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

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

“California Renewables Portfolio Standard” means the Renewables Portfolio Standard of California under California Senate Bills 1078 and 107, as codified in California Public Utilities Code Sections 387, 390.1, and 399.25 and Article 16 (commencing with Section 399.11) of Chapter 2.3 of Part 1 of Division 1, as such provisions are amended or supplemented from time to time.

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

[For Dispatchable Product only: “Capacity Price” has the meaning set forth in Section 4.1(a).]

[For Baseload, Peaking, or Dispatchable Product only: “Capacity Test” shall be the complete capacity testing procedure for the Project that is reasonably acceptable to Buyer that Seller shall develop no later than thirty (30) days prior to the initial capacity testing of the Project prior to the Commercial Operation Date. The capacity testing procedure shall describe in detail the testing standard(s) to be used for the technology of the Project, the conditions under which testing shall take place, the average summer ambient conditions to which the results will be corrected, and the testing procedures. The same capacity testing procedure shall be applied to all subsequent Capacity Tests.]
“Commercial Operation” means that (a) the Project is operating and able to produce and deliver Energy to Buyer pursuant to the terms of this Agreement; (b) Seller shall have satisfied the requirements set forth in the Certificate of Commercial Operation in the form attached as Exhibit E; (c) Seller shall have delivered true, correct, and complete Certificates of Commercial Operation from Seller, the Turbine Supplier, the EPC Contractor, and a Licensed Professional Engineer; (d) Seller shall have delivered to Buyer the Delivery Term Security required under Article 8; (e) Seller has received all local, state and federal Governmental Approvals and other approvals as may be required by Law for the construction, operation and maintenance of the Project, including approvals, if any, required under the California Environmental Quality Act for the Project and related interconnection facilities; [For Baseload, Peaking, Dispatchable Product only: and (f) Seller shall have successfully completed the initial Capacity Test and delivered to Buyer a true, correct, and complete report documenting the results of Seller’s initial Capacity Test as required under Section 3.1(f)].

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

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

“Construction Period Security” shall mean the Performance Assurance that Seller is required to maintain during the period from the CP Satisfaction Date until the commencement of the Delivery Term, as specified in Article 8, to secure performance of its obligations hereunder.

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

[When Seller is SC for the Project: “Contract Energy” means the lower of Delivered Energy or Scheduled Energy for any given period in each case net of all Electrical Losses.]

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

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

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

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

“CP Satisfaction Date” shall mean the date on which all of the Conditions Precedent have been satisfied (or waived in writing by the Party described in Section 2.4).
“CPUC” or “Commission or successor entity” means the California Public Utilities Commission, or successor entity.

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

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

(b) finds that any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer’s compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), Decision 03-06-071, or other applicable Law.

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

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

“Daily Delay Damages” means an amount equal to (a) the Construction Period Security amount required hereunder, divided by (b) the number of days in the Project Cure Period.

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

[Dispatchable Product only: “Default Availability Factor” means, for any period, the amount determined according to the following formula:

\[
\text{Default Availability Factor} = \frac{(PH - (EDH - EEDH))}{PH}
\]

Where:

\(PH\) is the number of period hours;

\(EDH\) is the number of equivalent derate hours calculated as the sum, for each derate, of the product of the number of hours of full or partial derate hours times the size of the reduction divided by the Contract Capacity for the month. For the purposes of this calculation, a derate includes all outages for any reason, including without limitation, Forced Outages, Force Majeure events, Dispatch Down Periods, Planned Outages, Buyer’s failure to perform, and other times when any portion of the Contract Capacity is not available or the Delivered Energy of the Project is less than the amount of Energy dispatched by Buyer; and
*EEDH* is the number of equivalent excused derate hours solely due to either Force Majeure events, Dispatch Down Periods or Buyer’s failure to perform (and for no other reason), calculated as the sum, for each excused derate, of the product of the number of hours of full or partial derate hours times the size of the reduction, divided by the Contract Capacity for the month.]

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

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

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

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

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

“Delivery Term Security” shall mean the Performance Assurance that Seller is required to maintain during the Delivery Term, as specified in Article 8, to secure performance of its obligations hereunder.

“Development Period Security” shall mean the Performance Assurance that Seller is required to maintain during the period from the Execution Date to the CP Satisfaction Date, as specified in Article 8, to secure performance of its obligations hereunder.

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

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

“Dispatch Down Period” means the period of curtailment of delivery of Product from the Project resulting from (a) curtailments ordered from the CAISO, for reasons including but not limited to any system emergency, as defined in the CAISO Tariff (“System Emergency”), (b) curtailments ordered by the Participating Transmission Owner based on any warning of an anticipated System Emergency, or warning of an imminent condition or situation which could jeopardize the Participating Transmission Owner’s electric system integrity or the integrity of other systems to which the Participating Transmission Owner is connected; (c) curtailments that in the aggregate do not exceed fifty (50) hours during any Contract Year ordered by Buyer based upon Buyer’s forecast of over generation; (d) curtailments ordered by the Participating Transmission Owner as a result of scheduled or unscheduled maintenance on the Participating Transmission Owner’s transmission facilities that prevents (i) Buyer from receiving or (ii) Seller from delivering Delivered Energy at the Delivery Point; If the Project is located outside of the CAISO: or (e) curtailments ordered by the Transmission Provider provided, that Seller has
contracted for firm transmission with such Transmission Provider for the Product to be delivered to the Delivery Point and such curtailment is due to “force majeure” or “uncontrollable force” or a similar term as defined under the Transmission Provider’s tariff.

[For Dispatchable Product only: “Dispatch Notice” means the operating instruction, and any subsequent updates given by Buyer to Seller, directing the Project to operate at a specified megawatt output.]

[For Dispatchable Product only: “Dispatchable” means a Unit Firm Product for which Seller makes available capacity for Buyer to Schedule and dispatch up or down at Buyer’s option in accordance with Section 3.3[(g/h)].]

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

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

[For an intermittent As Available Product only: “EIRP” or “Eligible Intermittent Resource Protocol” means the Eligible Intermittent Resource Protocol, as may be amended from time to time, as set forth in the CAISO Tariff.]

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

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

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

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

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

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

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

[For Dispatchable Product only: “Equivalent Availability Factor” or “EAF” has the meaning set forth in Section 4.1(b).]

“Event of Default” has the meaning set forth in Section 5.1.
“Execution Date” means the date hereof as set forth in the preamble of the Cover Sheet.

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

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

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

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

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

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

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

(b) Force Majeure shall not be based on:

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

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

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

(iv) a lack of wind, sun or other fuel source of an inherently intermittent nature;
(v) Seller’s inability to obtain sufficient labor, equipment, materials, or other resources to build or operate the Project, except to the extent Seller’s inability to obtain sufficient labor, equipment, materials, or other resources is caused by an event of Force Majeure of the specific type described in any of subsections (a)(i) through (a)(iii) above;

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

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

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

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

“GAAP” has the meaning set forth in Section 13.4.

“Gains” means with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Delivery Term, determined in a commercially reasonable manner, subject to Section 5.2 hereof. Factors used in determining economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties, including, without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., NYMEX), all of which should be calculated for the remaining term of this Agreement and include the value, if any, of Capacity Attributes, Green Attributes, and [ITC] [PTC] benefits.

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

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

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

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

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by Law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state Law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local Law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the Project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits. If the Project is a biomass or biogas facility

1 Avoided emissions may or may not have any value for GHG compliance purposes. Although avoided emissions are included in the list of Green Attributes, this inclusion does not create any right to use those avoided emissions to comply with any GHG regulatory program.
receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.

“Guaranteed Commercial Operation Date” or “GCOD” means [insert date], as may be extended pursuant to Section 3.9(c)(ii).

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

“Guarantor” means, with respect to Seller, any person that (i) does not already have any material credit exposure to Buyer under any other agreements, guarantees, or other arrangements at the time its Guaranty is issued, (ii) is an Affiliate of Seller, or other third party reasonably acceptable to Buyer, (iii) has a Credit Rating of [____] or better from S&P or a Credit Rating of [____] or better from Moody’s, (iv) has a tangible net worth of at least [______________], (v) is incorporated or organized in a jurisdiction of the United States and is in good standing in such jurisdiction, and (vi) executes and delivers a Guaranty for the benefit of Buyer substantially in the form attached hereto as Exhibit D. [SDG&E will consider accepting a Guaranty based on the Project, the amount of Performance Assurance, and the identity of the Seller and Guarantor]

“Guaranty” means a guaranty from a Guarantor provided for the benefit of Buyer substantially in the form attached hereto as Exhibit D. [SDG&E will consider accepting a Guaranty based on the Project, the amount of Performance Assurance, and the identity of the Seller and Guarantor]

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

[For As-Available Product EIRPPIP, PIRP Participants only and only when Seller is SC for the Project: “Imbalance Price” has the meaning set forth in Section 4.2/3(b).]

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

“Interconnection Facilities” means the facilities, which include all apparatus installed pursuant to the Participating Transmission Owner’s facility connection requirements, to which Seller shall be able to interconnect and deliver Energy from the Project to and at the Delivery Point, including, but not limited to, connection, transformation, switching, metering, communications, control, and safety equipment, such as equipment required pursuant to Good Industry Practices and in accordance with any agreements entered into by Seller necessary for interconnection to protect the Participating Transmission Owner’s electric system (or other systems to which the Participating Transmission Owner’s electric system is connected, including the CAISO Grid) and the Participating Transmission Owner’s or Transmission Provider’s, as applicable, customers from faults occurring at the Project.

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

“Interest Payment Date” means the last Business Day of each calendar year.

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

“Interest Rate” means for any date the rate per annum equal to the “Federal Funds Effective Rate (Monthly) Commercial Paper rate (Prime, 3 months) published) for the prior month in— as reported opposite the caption “Federal Funds (effective)” in Federal Reserve Statistical Release Publication H.15, or its successor publication.

[“Investment Tax Credit” or “ITC” means the tax credit for property described in Section 48(a)(3)(A)(i) [solar energy property] of the Internal Revenue Code of 1986, as it may be amended from time to time.] [Note: Modify section reference for different technologies. Delete this definition if the Seller is seeking Production Tax Credits or not seeking federal tax credits at all; the term is not otherwise used.]

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

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

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

“Losses” means with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from a Terminated Transaction for the remaining term of this Agreement, determined in a commercially reasonable manner. Factors used in determining the loss of economic benefit may include, without limitation, reference to information either available to it internally or supplied by one or more third parties including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield.
curves, volatilities, spreads or other relevant market data in the relevant markets, market referent prices for renewable power set by the CPUC, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g. NYMEX), all of which should be calculated for the remaining term of this Agreement and include the value if any, of Capacity Attributes, Green Attributes, and [ITC] [PTC] benefits (that Seller has not been able to mitigate after use of reasonable efforts) and Green Attributes.

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

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

[For Dispatchable Product only: “Monthly Capacity Payment” has the meaning set forth in Section 4.1(b).]

“Monthly Energy Payment” has the meaning set forth in Section 4.1(b).

[For Dispatchable Product only: “Monthly Shaping Factor” has the meaning set forth in Section 4.1(b).]

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

“MRTU” or “Market Redesign and Technology Upgrade” means the locational marginal pricing market system to be governed by the CAISO MRTU Tariff approved by FERC.

“MWh” means megawatt-hour.

“Negative Imbalance Energy” has the meaning set forth in Section 4.2.

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

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

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

“Non-Defaulting Party” has the meaning set forth in Section 5.2.
“Notice” shall, unless otherwise specified in the Agreement, mean written communications by a Party to be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail).

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

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

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

[For an intermittent As-Available Product only: “PIRP” or “Participating Intermittent Resource Program” means the rules, protocols, procedures and standards for Participating Intermittent Resources under the CAISO’s Eligible Intermittent Resource Protocol, as may be amended from time to time, as set forth in the CAISO Tariff.]

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

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

[For Peaking Product only: “Peaking” means a Unit-Firm Product for which Energy must be delivered during hours ending 1200-1900 (11:00 am to 7:00 pm) on Monday-Friday, excluding NERC Holidays, for the months July through October and during hours ending 1400-2100 (1:00 pm to 9:00 pm) on Monday-Friday, excluding NERC Holidays, for the months November and December. [Note: Buyer will consider other firm products such as 6x16: “6x16 Block” means a Unit-Firm Product for which Energy must be delivered during hours ending 0700-2200 (6:00 am to 10:00 pm) on Monday-Saturday throughout the Delivery Term.]

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

[For As-Available, Baseload, Peaking Product: “Performance Measurement Period” has the meaning set forth in Section 3.1(e).]
“Planned Outage” means any planned reduction or suspension of the electrical output from the Project or unavailability of the Project in whole or in part as a result of the inspection, maintenance, or repair of equipment that is scheduled in accordance with Section 3.7(b).

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

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

[“Production Tax Credit” or “PTC” means the tax credit for electricity produced from certain renewable generation resources described in Section 45 of the Internal Revenue Code of 1986, as it may be amended from time to time.] [Note: Modify section reference for different technologies. Delete this definition if the Seller is seeking Investment Tax Credits or not seeking federal tax credits at all the term is not otherwise used.]

“Project” means all of the [insert technology] electric generating units, the Site at which the generating facility is located and the other assets, tangible and intangible, that compose the generation facility as more particularly described on Exhibit A.

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

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

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

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

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

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

“Renewable Energy Credit” has the meaning set forth in California Public Utilities Code Section 399.12(g), as may be amended from time to time or as further defined or supplemented by Law.

“Replacement Price” means the price (in dollars per megawatt hour) at which Buyer, acting in a commercially reasonable manner, purchases for delivery at the Delivery Point (or any other reasonably equivalent delivery point for Buyer) a replacement for any Product (including its associated Green Attributes) that was not Scheduled and delivered or Scheduled by Seller, plus (i) costs (calculated in dollars per megawatt hour) reasonably incurred by Buyer in purchasing such replacement Product and (ii) additional transmission charges (calculated in dollars per megawatt hour), if any, reasonably incurred by Buyer for such replacement Product, or absent a purchase, the market price at the Delivery Point (or any other reasonably equivalent delivery point for Buyer) for such replacement Product for the hours impacted by such failure to deliver or Schedule or deliver such Product as determined by Buyer in a commercially reasonable manner. The Replacement Price also shall include all CAISO and other charges and penalties calculated in dollars per megawatt hour with respect to the deviation from the Scheduled supply resulting from Seller’s failure to deliver or Schedule or deliver; provided,
however, in no event shall such price include any ratcheted demand or similar charges, nor shall Buyer be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Seller’s liability. For the purposes of this definition, Buyer shall be considered to have purchased replacement Product to the extent Buyer shall have entered into one or more arrangements in a commercially reasonable manner whereby Buyer repurchases its obligation to sell and deliver the Product to another party. If for any reason a Replacement Price is unavailable when Seller fails to deliver or Schedule Product, then the Replacement Price for the hours when a Replacement Price is unavailable shall be the last available Replacement Price together with any charges and penalties allocated to Buyer during such time.

“Resource Adequacy” means the procurement obligation of load serving entities, including Buyer, as such obligations are described in CPUC Decisions D.04-10-035 and D.05-10-042 and subsequent CPUC decisions addressing Resource Adequacy issues, as those obligations may be altered from time to time in the CPUC Resource Adequacy Rulemakings (R.) 04-04-003 and (R.) 05-12-013 or by any successor proceeding, and all other Resource Adequacy obligations established by any other entity, including the CAISO.

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


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

“Scheduling Coordinator” or “SC” means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff, for the purposes of undertaking the functions specified in “Responsibilities of a Scheduling Coordinator,” of the CAISO Tariff, as amended from time-to-time.
“Scheduled Energy” means the Energy that clears under the applicable CAISO market based on the final Schedule developed in accordance with this Agreement, the operating procedures developed by the Parties pursuant to Section 3.10, and the applicable CAISO Tariff, protocols and Scheduling practices.

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

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

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

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

“Station Service” means the electric energy produced by the Project that is either used within the Project to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for operation of the Project.

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

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

[For TOD Pricing Only: “TOD” means time of delivery of Scheduled Energy from Seller to Buyer.]

[For TOD Pricing Only: “TOD Factors” has the meaning set forth in Section 4.[1/2](b).]

[For TOD Pricing Only: “TOD Period” has the meaning set forth in Section 4.[1/2](b).]

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

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

[For Baseload, Peaking, or Dispatchable Product only: “Unit Firm” means, with respect to a Product, that the Product is intended to be supplied from the Project, and subject to the terms of this Agreement, Seller is excused from selling and delivering the Product to Buyer, and Seller shall not be liable to Buyer for any damages determined pursuant to Section 3.1(h) of the Agreement, in the event that Seller fails to deliver the Product to Buyer for any of the following reasons:

(a) if the Project is unavailable as a result of a Forced Outage and such Forced Outage is not the result of Seller’s negligence or willful misconduct;

(b) Force Majeure;]
(c) by the Buyer’s failure to perform;
(d) by a Planned Outage of the Project; or
(e) a reduction in output as ordered under Dispatch Down Periods.

The following products shall be considered “Unit Firm” products: Peaking, Baseload, and Dispatchable.

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

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

1.2 Interpretation. The following rules of interpretation shall apply:

(a) The term “month” shall mean a calendar month unless otherwise indicated, and a “day” shall be a 24-hour period beginning at 12:00:01 a.m. Pacific Prevailing Time and ending at 12:00:00 midnight Pacific Prevailing Time; provided that a “day” may be 23 or 25 hours on those days on which daylight savings time begins and ends.

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

(c) Capitalized terms used in this Agreement, including the appendices hereto, shall have the meaning set forth in Article 1, unless otherwise specified.

(d) Unless otherwise specified herein, references in the singular shall include references in the plural and vice versa, pronouns having masculine or feminine gender will be deemed to include the other, and words denoting natural persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other entities (whether or not having a separate legal personality). Other grammatical forms of defined words or phrases have corresponding meanings.

(e) The term “including” when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation.

(f) References to a particular article, section, subsection, paragraph, subparagraph, appendix or attachment shall, unless specified otherwise, be a reference to that article, section, subsection, paragraph, subparagraph, appendix or attachment in or to this Agreement.

(g) Any reference in this Agreement to any natural person, Governmental Authority, corporation, partnership or other legal entity includes its permitted successors and assigns or to any natural person, Governmental Authority, corporation, partnership or other legal entity succeeding to its functions.
ARTICLE TWO: EFFECTIVENESS OF AGREEMENT; CONDITIONS PRECEDENT

[For existing facilities: this section to be modified for existing facilities to remove all construction related language.]

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

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

(a) Seller’s Obligations. Prior to the CP Satisfaction Date, Seller shall (i) use commercially reasonable efforts to pursue satisfaction of the Conditions Precedent set forth in Sections [___], (ii) diligently pursue development of the Project in accordance with Section 3.9, (iii) comply with Section 3.9(b) in achieving the applicable Milestones that have due dates occurring prior to the CP Satisfaction Date, reporting completion of such Milestones, and delivering Remedial Action Plans in respect of missed Milestones as more fully described therein, (iv) deliver the Quarterly Progress Report in accordance with Section 3.9(a), and (v) otherwise comply with its obligations, covenants, representations, and warranties under Articles 7-13. Upon an Event of Default of Seller prior to the CP Satisfaction Date, Buyer may terminate this Agreement in which case Seller shall owe Buyer liquidated damages in the amount of the Development Period Security. Buyer may retain such Performance Assurances to pay such liquidated damages. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to an Event of Default of Seller prior to the CP Satisfaction Date would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Seller prior to the CP Satisfaction Date. [For contracts with a delivery term of less than two years: there shall be no Development Period Security required and all such references shall be deleted throughout the agreement.]

(b) Buyer’s Obligations. Prior to the CP Satisfaction Date, Buyer shall (i) use commercially reasonable efforts to pursue satisfaction of the Conditions Precedent set forth in Sections 2.3(a), and (ii) otherwise comply with its obligations, covenants, representations, and warranties under Articles 7-13. Upon an Event of Default of Buyer prior to the CP Satisfaction Date, Seller may terminate this Agreement in which case Buyer shall owe Seller liquidated damages in the amount of the Development Period Security. Each Party agrees and acknowledges that (a) the actual damages that Seller would incur due to an Event of Default of Buyer prior to the CP Satisfaction Date would be difficult or impossible to predict with certainty, (b) the liquidated damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the liquidated damages set forth in this section are the exclusive remedy for an Event of Default of Buyer prior to the CP Satisfaction Date.
2.3 **Conditions Precedent.** Subject to Section 2.1, the effectiveness of the remainder of this Agreement is conditioned upon the satisfaction (or waiver by the Party described in Section 2.4) of all of the following conditions precedent (“Conditions Precedent”) by the deadline dates set forth below for each Condition Precedent without extension for Force Majeure or any other reason:

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

(b) **Electrical Interconnection.**

(i) No later than [_______________], Buyer shall have agreed to and approved of (in its sole discretion) the in-service interconnection date and the costs to be incurred by Buyer for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of Energy from the Project to Buyer’s load as is consistent with FERC’s then current orders and rulemakings.

(ii) No later than [_______________], Seller shall have agreed to and approved of (in its sole discretion) the in-service interconnection date and the costs to be incurred by Seller for any required transmission network upgrades and interconnection facilities reasonably necessary to enable the cost-effective and reliable delivery of Energy from the Project to Buyer’s load as is consistent with FERC’s then current orders and rulemakings.

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

2.4 **Failure to Meet All Conditions Precedent.**

(a) **Beneficiary Party.**

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

(ii) Buyer shall be the sole beneficiary of the Conditions Precedent set forth in Sections 2.3(b)(i) [Others], and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, Buyer alone must waive (in its sole discretion) non-satisfaction by the deadline date therefor.

(iii) Seller shall be the beneficiary of the Conditions Precedent set forth in Sections 2.3(b)(ii) [Others], and in order for a waiver of non-satisfaction of such Conditions Precedent to be effective, Seller alone must waive (in its sole discretion) non-satisfaction by the deadline date therefor.
(b) Termination.

(i)(b) If (A) any of the Conditions Precedent is not satisfied or waived in writing by the beneficiary Parties thereto on or before the applicable deadline date therefor, or (B) the CP Satisfaction Date has not occurred by [___________] without extension for Force Majeure or any other reason, then either of the Parties may terminate this Agreement with no further obligation to either Party (other than as set forth in Section 2.4(b)(i)-(ii) below and any other payment obligations which are accrued and payable at the time of termination) by delivery of Notice to the other Party within fifteen days after the applicable deadline date. If a Party has the right to terminate this Agreement pursuant to this Section 2.4, but fails to deliver Notice of termination within each fifteen day period after each deadline date, then such Party’s termination right per this Section 2.4 for such deadline date shall be deemed waived in its entirety.

(ii)(i) Upon a termination of this Agreement by Seller either Party for any reason under Section 2.4 other than the failure of the Conditions Precedent set forth in Sections 2.3(a) or 2.3(b)(i) to be satisfied or waived by the beneficiary Parties thereto, Seller shall forfeit to Buyer an amount equal to the Development Period Security. Buyer may retain the Development Period Security to pay such amount.

(ii) Upon a termination of this Agreement by either Party as a result of the failure of the Conditions Precedent set forth in Sections 2.3(a) or 2.3(b)(i) to be satisfied or waived by Buyer, Buyer shall return to Seller the Development Period Security.

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

ARTICLE THREE: OBLIGATIONS AND DELIVERIES

3.1 Transaction.

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

(b) Transaction. Unless specifically excused by the terms of this Agreement during the Delivery Term, Seller shall sell and deliver, or cause to be delivered, and Buyer shall
purchase and receive, or cause to be received, the Product at the Delivery Point, and Buyer shall pay Seller for the Product in accordance with the terms hereof. In no event shall Seller have the right to procure any element of the Product from sources other than the Project for sale or delivery to Buyer under this Agreement [If the Project is located outside of the CAISO: except with respect to Imbalance Energy from the Transmission Provider].

(c) Delivery Term. The Parties agree that the period of Product delivery is [____] Contract Years. As used herein, “Delivery Term” shall mean the period of Contract Years specified above beginning on the Commercial Operation Date and continuing until the end of the last Contract Year unless terminated earlier as provided by the terms of this Agreement.

(d) Delivery Point. The Delivery Point shall be [the point of interconnection of the Project to the CAISO Grid] [Seller may specify another delivery point. For a Project located outside the CAISO Grid, the Delivery Point should be a CAISO Scheduling Point as defined by the CAISO].

(e) [For Baseload, Peaking, As-Available Product: Contract Quantity and Guaranteed Energy Production. The quantity of Delivered Energy that Seller expects to be able to deliver to Buyer during each Contract Year is [_____] MWh (“Contract Quantity”). Throughout the Delivery Term, Seller shall be required to deliver to Buyer no less than the Guaranteed Energy Production (as defined below) in any [twelve (12)] [twenty-four (24)] consecutive calendar month period during the Delivery Term (“Performance Measurement Period”). “Guaranteed Energy Production” means an amount of Energy, as measured in MWh, equal to [two times] [____]% of the Contract Quantity. Notwithstanding the excuses to performance set forth in the definition of the Product type (as such Product type is specified in Section 3.1(a)), Seller shall be excused from achieving the Guaranteed Energy Production during any Performance Measurement Period only to the extent of any Force Majeure events, Buyer’s failure to perform, or Dispatch Down Periods. For purposes of determining whether Seller has achieved the Guaranteed Energy Production, Seller shall be deemed to have delivered to Buyer Energy in the amount it could reasonably have delivered to Buyer but was prevented from delivering to Buyer by reason of any Force Majeure events, Buyer’s failure to perform, or Dispatch Down Periods.] [For PPAs with delivery terms of less than two years: the parties shall negotiate a shorter performance measurement period] [For Dispatchable Product: Contact Quantity. The quantity of Delivered Energy that Seller expects to be able to deliver to Buyer during each Contract Year is [_____] MWh (“Contract Quantity”).] [For PPAs with delivery terms of less than two years: the parties shall negotiate a shorter performance measurement period than a Contract Year.]

(f) Contract Capacity. The “Contract Capacity” is the full generation capacity of the Project net of all Station Service which shall be [For As-Available Product: no less than [_____] MW and no greater than [_____] MW] [For Baseload, Peaking, or Dispatchable Product only: an amount determined periodically pursuant to a Capacity Test as set forth below]. Throughout the Delivery Term, Seller shall sell and Schedule all Product associated with the Contract Capacity of the Project solely to Buyer, except in the case of an Event of Default of Buyer [If the Project is located outside of the CAISO: or the sale of Imbalance Energy to the Transmission Provider]. [For Dispatchable Product: Throughout the Delivery Term, Seller shall make the Contract Capacity available solely to Buyer at all times, except in the case of an
Event of Default of Buyer [If the Project is located outside of the CAISO: or the sale of Imbalance Energy to the Transmission Provider].]

(i) **[For Baseload, Peaking, Dispatchable Product: Initial Capacity Testing.** Upon no less than fourteen (14) days prior Notice to Buyer, Seller shall schedule and complete a Capacity Test prior to the Commercial Operation Date for the Project. Such initial Capacity Test shall establish the Contract Capacity for the Project for the first Contract Year.]

(ii) **[For Baseload, Peaking, Dispatchable Product: Annual Capacity Testing.** Thereafter, at least once per Contract Year within the first quarter of each Contract Year, upon no less than 14 days prior Notice to Buyer, Seller shall schedule and complete a Capacity Test. In addition, Buyer shall have the right to require a retest of the Capacity Test at any time upon five (5) days prior written Notice to Seller if Buyer reasonably believes that the actual Contract Capacity has varied materially from the results of the most recent tests. Seller shall have the right to run a retest of the Capacity Test at any time upon two (2) days prior written Notice to Buyer (or any shorter period reasonably acceptable to Buyer consistent with Good Industry Practices).]

(iii) **[For Baseload, Peaking, Dispatchable Product: Witness at Capacity Tests.** Buyer shall have the right to send one or more representative(s) to witness all Capacity Tests.]

(iv) **[For Baseload, Peaking, Dispatchable Product: Capacity Test Reporting.** No later than fourteen (14) days following any Capacity Test, Seller shall submit a testing report detailing results and findings of the test. The report shall include meter readings and plant log sheets verifying the operating conditions and output of the Project. The Contract Capacity determined pursuant to a Capacity Test shall become the new Contract Capacity at the beginning of the day following the completion of the test for all purposes under this Agreement.]

(v) **[For Baseload, Peaking, Dispatchable Product: Capacity Test Costs and Payments.** Buyer shall pay the [Monthly Energy Payment] in respect of the Product produced during the initial Capacity Test prior to the Commercial Operation Date and each annually scheduled Capacity Test thereafter. In addition, Buyer shall pay the [Monthly Energy Payment] in respect of the Product produced during any other Buyer requested test unless the results of such test demonstrate that the actual Contract Capacity has varied by more than two percent (2%) from the results of the most recent tests, in which case Buyer shall pay the lesser of the [Monthly Energy Payment] in respect of the Product produced during such test and the applicable CAISO real-time hourly average energy price. In addition, Buyer shall pay the lesser of the [Monthly Energy Payment] in respect of the Product produced during any Seller requested test and the applicable CAISO real-time hourly average energy price. Buyer is responsible for all costs, expenses and fees payable or reimbursable to its representative(s) witnessing Capacity Testing. All other costs of any Capacity Tests shall be borne by Seller.]

(g) **Project.** All Product provided by Seller pursuant to this Agreement shall be supplied from the Project only [If the Project is located outside of the CAISO: except with respect to Imbalance Energy from the Transmission Provider]. Other than maintenance in accordance with Good Industry Practices, Seller shall not make any alteration or modification to
the Project which results in a change to the Contract Capacity of the Project without Buyer’s prior written consent. The Project is further described in Exhibit A.

(h) Performance Excuses.

(i) Seller Excuses. The performance of Seller to Schedule, deliver, and sell the Product shall be excused only for the reasons set forth in the definition of the Product type (as such Product type is specified in Section 3.1(a)). If Seller fails to Schedule, deliver, or sell all or part of the Product, and such failure is not excused as described above, then Seller shall pay Buyer, on the date payment would otherwise be due in respect of the month in which the failure occurred an amount for such Product deficiency equal to the positive difference, if any, obtained by subtracting (iA) the product of the Energy Price [For TOD Pricing Only: times the weighted average TOD Factor] for each such period of Product deficiency times the Product deficiency, from (iiB) the product of the Replacement Price times the Product deficiency. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

(ii) Buyer Excuses. The performance of Buyer to Schedule, receive, and pay for the Product shall be excused only (A) during periods of Force Majeure, (B) by Seller’s failure to perform or (C) during Dispatch Down Periods. If Buyer fails to Schedule, receive, or purchase all or part of the Product and such failure is not excused as described above, then Buyer shall pay Seller, on the date payment would otherwise be due in respect of the month in which the failure occurred an amount for such Product deficiency equal to the positive difference, if any, obtained by subtracting (iY) the product of the Sales Price times the Product deficiency from (iiZ) the product of the Energy Price [For TOD Pricing Only: times the weighted average TOD Factor] for each such period of Product deficiency times the Product deficiency. The invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount.

(i) Green Attributes. Seller hereby provides and conveys all Green Attributes associated with all electricity generation from the Project to Buyer as part of the Product being delivered. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Project, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project. Seller agrees that it shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable the Project to qualify for Green Attributes and to enable Seller to convey to Buyer such Green Attributes.

(j) Resource Adequacy. During the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all of the Project’s Contract Capacity, including Capacity Attributes, from the Project for Buyer to use in meeting its Resource Adequacy or successor program requirements, as the CPUC, CAISO or other regional entity may prescribe. Seller understands that the CPUC is currently in the process of developing requirements for Resource Adequacy and these requirements and the implementation thereof have not been finalized. Seller agrees that it shall take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to enable Buyer to use all of the Contract Capacity, including Capacity Attributes, to be committed by Seller to Buyer pursuant to this
Agreement for the Resource Adequacy requirements of Buyer. Seller agrees that the Project is subject to the terms of the Availability Standards.

(k) Climate Action Registry. Seller shall register the Project with the California Climate Action Registry as may be required by the CPUC pursuant to Decision 06-02-032 and any subsequent order, but in any event, no later than the Commercial Operation Date. [For existing facilities:] initial delivery of test Energy to Buyer prior to the “Commercial Operation Date” shall be changed to the “start of the Delivery Term.”]

(l) WREGIS. Prior to the Commercial Operation Date, Seller shall register the Project in the WREGIS, and take all other actions necessary to ensure that the Energy or Green Attributes produced from the Project are issued and tracked for purposes of satisfying the requirements of the California Renewable Portfolio Standard and transferred to Buyer, including payment of all fees required to register the facility in WREGIS, issue WREGIS certificates, and transfer such certificates to Buyer. [For existing facilities, the Commercial Operation Date shall be changed to the start of the Delivery Term.]

(m) Prevailing Wage. To the extent applicable, Seller shall comply with the prevailing wage requirements of California Public Utilities Code Section 399.14, subdivision (h).

3.2 Transmission.

(a) Seller’s Transmission Service Obligations. During the Delivery Term, Seller shall arrange and be responsible for transmission service for delivery of the Product to and at the Delivery Point and bear all risks and costs associated with such transmission service, including, but not limited to, all Transmission Provider costs and charges, electric transmission losses, and any transmission outages or curtailment, except as provided otherwise in this Agreement in respect of Dispatch Down Periods. [For Projects located outside of CAISO: Seller shall obtain and maintain during the Delivery Term firm transmission service to deliver the Product from the Site to the Delivery Point from all intermediary Transmission Providers between the Site and the Delivery Point. At Buyer’s request, Seller shall provide to Buyer a copy of all firm transmission service agreements and any amendments thereto.] Seller shall fulfill all contractual, metering and applicable interconnection requirements, including those set forth in Participating Transmission Owner’s applicable tariffs, the CAISO Tariff and implementing CAISO standards and requirements, including, but not limited to, executing applicable interconnection agreements, Participating Generator Agreement and Meter Service Agreement so as to be able to deliver Energy to the CAISO Grid. Seller shall arrange for any interconnection agreement with the CAISO and such interconnection agreement is separate and not a part of this Agreement.

(b) Buyer’s Transmission Service Obligations. During the Delivery Term, Buyer shall arrange and be responsible for transmission service for delivery of the Product from the Delivery Point and bear all risks and costs associated with such transmission service, including, but not limited to, all Transmission Provider costs and charges, electric transmission losses, and any transmission outages or curtailment, except as provided otherwise in this Agreement in respect of Dispatch Down Periods.
(c) **Congestion Charges.** Seller shall be responsible for all costs of congestion for transmission of the Product up to and at the Delivery Point. Buyer shall be responsible for all costs of congestion for transmission of the Product from the Delivery Point. To the extent that Seller is reimbursed for or receives any refunds, credits, or benefits from the CAISO for congestion charges or losses in respect of transmission of the Product from the Delivery Point, whether due to differences between the locational marginal pricing at the Delivery Point and Buyer’s load aggregation point or any other point downstream of the Delivery Point, congestion revenue rights associated with any transmission path downstream of the Delivery Point, or any other hedging instruments associated with the transmission of the Product from the Delivery Point (collectively, any such refunds, credits or benefits are referred to as “Reductions”), then, at Buyer’s option, either (i) Seller shall transfer any such Reductions and their related rights to Buyer; or (ii) Buyer shall reduce payments due to Seller under this Agreement in amounts equal to the Reductions and Seller shall retain the Reductions.

3.3 **Scheduling.**

(a) **[For As-Available intermittent Product only: EIRP-PIRP Requirements.]**

[Note: Use the following paragraph only if the Project is NOT EIRP-PIRP eligible as of the Execution Date.] [The intent of this Agreement is that the Project shall be a certified Participating Intermittent Resource. The Parties acknowledge that as of the Execution Date, the CAISO has not yet established protocols for Scheduling [solar] power to permit [solar] projects to participate in EIRP-PIRP. As soon as practicable, but not more than ninety (90) days after such Scheduling protocols are finalized and made effective by the CAISO, Seller shall cause the Project to become certified as a Participating Intermittent Resource including negotiating and executing all necessary documents to become a Participating Intermittent Resource. Seller shall be responsible for all CAISO forecasting fees and related charges associated with the Project becoming a Participating Intermittent Resource and participating in EIRP-PIRP. Seller shall provide Buyer with a copy of the notice from CAISO certifying the Project as a Participating Intermittent Resource as soon as practicable after Seller’s receipt of such notice of certification. Following certification and whenever applicable, Seller and Buyer shall comply with EIRP-PIRP, and all additional protocols issued by the CAISO relating to Participating Intermittent Resources during the Delivery Term. In the event that EIRP-PIRP or the CAISO Tariff and/or any protocols relating thereto are changed, amended, modified replaced or terminated, Seller and Buyer agree to comply with such revisions and, to the extent practical, to implement such revisions in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.]

[Note: If the Project is EIRP-PIRP eligible as of the Execution Date, please use the following paragraph instead] [Seller shall cause the Project to become a Participating Intermittent Resource including executing all necessary documents to become a Participating Intermittent Resource. Seller shall be responsible for all CAISO forecasting fees and related charges associated with the Project becoming a Participating Intermittent Resource and participating in EIRP-PIRP. Seller and Buyer shall comply with EIRP-PIRP, and all additional protocols issued by the CAISO relating to Participating Intermittent Resources, including the EIRP-PIRP, for the Delivery Term. Seller shall provide Buyer with a copy of the notice from the CAISO certifying the Project as a Participating Intermittent Resource prior to the Commercial
Operation Date. In the event that EIRP or the CAISO Tariff and/or any protocols relating thereto are changed, amended, modified replaced or terminated, Seller and Buyer agree to comply with such revisions and, to the extent practical, to implement such revisions in a manner that maintains the relative economic positions of the parties as of the date of this Agreement.

(b) Scheduling Coordinator.

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

(i) Seller as Scheduling Coordinator for the Project. During the Delivery Term, Seller shall be its own Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with its Transmission Provider to Schedule and deliver the Product to the Delivery Point and Buyer shall be its own Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with its Transmission Provider to Schedule and receive the Product at the Delivery Point. Throughout the Delivery Term, Buyer and Seller shall submit inter-SC trades for scheduling all Product from the Project at the Delivery Point (including Energy, Integrated Forward Market Load Uplift Obligations in respect of self-scheduled Energy, and other Product from time to time contemplated under the CAISO Tariff to be subject to inter-SC trades), based on a final Schedule developed in compliance with this Agreement. During the Delivery Term, each Party or each Party’s SC shall conduct all Scheduling in accordance with the operating procedures developed by the Parties pursuant to Section 3.10 and in full compliance with the applicable CAISO Tariff, protocols and Scheduling practices for Product on a day-ahead, hour-ahead, or real time basis, as determined by Buyer. [For As-Available intermittent Product only: Whenever EIRP is applicable, Seller shall submit Schedules and any updates to such Schedules to the CAISO based on the most current forecast of Scheduled Delivered Energy consistent with EIRP.] It is the intent of the Parties that neither Party be subject to a double payment or a double charge for Product from the Project through this Agreement and CAISO settlement process and that the more detailed Scheduling and operating procedures developed pursuant to Section 3.10 complement the CAISO settlement process to produce a final economic result between them that is consistent with the fundamental transaction of this Agreement.

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

[When SDG&E is SC for the Project, include the following seven paragraphs:

(iii) Buyer as Scheduling Coordinator for the Project. [During the Delivery Term] [Upon initial synchronization of the Project to the CAISO Grid], Buyer shall be the Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with the CAISO for the Project for both the delivery and the receipt of the Product at the Delivery Point. At least thirty (30) days prior to the [Commercial Operation Date of the Project] [initial synchronization of the Project to the CAISO Grid],[for existing facilities: start of the Delivery Term], Seller shall take all actions and execute and deliver to Buyer and the CAISO all documents necessary to authorize or designate Buyer as Seller’s Scheduling Coordinator for the Project effective as of [the beginning of the Delivery Term] [initial synchronization of the Project to the CAISO Grid]. [During the Delivery Term] [On and after initial synchronization of the Project to the CAISO Grid], Seller shall not authorize or designate any other party to act as Seller’s Scheduling Coordinator, nor shall Seller perform for its own benefit the duties of Scheduling Coordinator, and Seller shall not revoke Buyer’s authorization to act as Seller’s Scheduling Coordinator unless agreed to by Buyer. Buyer (as Seller’s SC) shall submit Schedules to the CAISO based on the final Schedule developed in accordance with this Agreement, the operating procedures developed by the Parties pursuant to Section 3.10, and the applicable CAISO Tariff, protocols and Scheduling practices for Product on a day-ahead, hour-ahead, or real time basis, as determined by Buyer. [For As-Available intermittent Product only: Buyer (as Seller’s SC) shall submit Schedules and any updates to such Schedules to the CAISO based on the most current forecast of Scheduled Delivered Energy consistent with EIRPPIRP whenever EIRPPIRP is applicable, and consistent with Buyers’ best estimate based on the information reasonably available to Buyer including Buyer’s forecast whenever EIRPPIRP is not applicable.]

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

(v) CAISO Costs and Revenues. Except as otherwise set forth below and elsewhere in this Agreement, Buyer (as Seller’s SC) shall be responsible for CAISO costs (including penalties, Negative Imbalance Energy costs, and other charges) and shall be entitled to all CAISO revenues (including credits, Positive Imbalance Energy revenues, and other payments) as the Scheduling Coordinator for the Project, including revenues associated with CAISO dispatches, bid cost recovery, inter-SC trade credits, or other credits in respect of the Product Scheduled or delivered from the Project. Seller shall be responsible for all CAISO charges or penalties incurred each month in excess of [insert dollar amount equal to 3% of the]
typical Monthly Energy Payment plus Monthly Capacity Payment] as a consequence of [For As-Available Product PIRP Participants only:  Seller shall be responsible for all CAISO charges or penalties net of credits and payments, in each case, resulting from the Seller not notifying the CAISO and Buyer (as Seller’s SC) of outages or other unavailability of Project capacity in a timely manner (in accordance with the CAISO Tariff and as set forth in Section 3.7) or any other failure by Seller to abide by the CAISO Tariff, including without limitation un instructed deviation penalties resulting therefrom.] [For all Products other than As-Available Product PIRP Participants:  Seller shall be responsible for all CAISO charges or penalties net of credits and payments, in each case, resulting from the Project not being available, the Seller not notifying the CAISO and Buyer (as Seller’s SC) of outages in a timely manner (in accordance with the CAISO Tariff and as set forth in Section 3.7), any other failure by Seller to abide by the CAISO Tariff, and deviations between Delivered Energy and Scheduled Energy that are attributable to Seller, the Project, or any event, circumstance, act, or incident occurring prior to or at the Delivery Point, including without limitation un instructed deviation penalties.-] The Parties agree that any Availability Incentive Payments are for the benefit of the Seller and for Seller’s account and that any Non-Availability Charges are the responsibility of the Seller and for Seller’s account. In addition, if during the Delivery Term, the CAISO implements or has implemented any sanction or penalty related to scheduling, outage reporting, or generator operation, and any such sanctions or penalties are imposed upon the Project or to Buyer as Scheduling Coordinator due to the actions or inactions of Seller, the cost of the sanctions or penalties shall be the Seller’s responsibility.

(vi) CAISO Settlements.  Buyer (as Seller’s SC) shall be responsible for all settlement functions with the CAISO related to the Project.  Buyer shall render a separate invoice to Seller for any CAISO charges or penalties (“CAISO Charges Invoice”) for which Seller is responsible under this Agreement.  CAISO Charges Invoices shall be rendered after final settlement information becomes available from the CAISO (approximately 90 days after each month in the Delivery Term) that identifies any CAISO charges.  Notwithstanding the foregoing, Seller acknowledges that the CAISO will issue additional invoices reflecting CAISO adjustments to such CAISO charges.  Seller shall pay the amount of CAISO Charges Invoices within ten Business Days of Seller’s receipt of the CAISO Charges Invoice.  If Seller fails to pay such CAISO Charges Invoice within that period, Buyer may net or offset any amounts owing to it for these CAISO Charges Invoices against any future amounts it may owe to Seller under this Agreement.  The obligations under this section with respect to payment of CAISO Charges Invoices shall survive the expiration or termination of this Agreement.

(vii) Dispute Costs.  Buyer (as Seller’s SC) may be required to dispute CAISO settlements in respect of the Project.  Seller agrees to pay Buyer’s costs and expenses (including reasonable attorneys’ fees, including reasonably allocated costs of in-house counsel of the Buyer) associated with its involvement with such CAISO disputes.

(viii) Terminating Buyer’s Designation as Scheduling Coordinator.  At least thirty (30) days prior to expiration of this Agreement or as soon as reasonably practicable upon an earlier termination of this Agreement, the Parties will take all actions necessary to terminate the designation of Buyer as Scheduling Coordinator for the Project as of 11:59 p.m. on such expiration date.
(ix) **Master Data File and Resource Data Template.** Seller shall provide the data to the CAISO (and to Buyer) that is required for the CAISO’s Master Data File and Resource Data Template (or successor data systems) for this Project consistent with this Agreement. Neither Party shall change such data without the other Party’s prior written consent.

(c) **Annual Forecast of Delivery Schedules.** No later than forty-five (45) days before (A) the first day of the first Contract Year of the Delivery Term and (B) the beginning of each calendar year for every subsequent Contract Year during the Delivery Term, Seller shall provide a non-binding forecast of each month’s average-day **Scheduled Energy**, by hour, for the following calendar year.

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

(e) **Daily Delivery Schedules.** By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, Seller shall **[When Seller is SC for the Project: cause its Scheduling Coordinator to]** provide Buyer with a **[For As-Available intermittent Product only: non-binding] forecast of the Project’s available capacity (or if PIRP is not available for any reason, the expected Delivered Energy)] [For all Products other than As-Available intermittent: binding] forecast of the **Scheduled Energy** for each hour of the immediately succeeding day (“Day-Ahead Schedule Forecast”) **[For all Products other than As-Available intermittent: [When Seller is SC for the Project: concurrent with delivery to the CAISO] [When SDGE is SC for the Project: and Buyer shall submit a Schedule to the CAISO consistent with such Day-Ahead Schedule Forecast]**. A Day-Ahead Schedule Forecast provided in a day prior to any non-Business Day(s) shall include Schedules for the immediate day, each succeeding non-Business Day and the next Business Day. Each Day-Ahead Schedule Forecast shall clearly identify, for each hour, Seller’s best estimate of **[For As-Available intermittent Product only: Seller’s best estimate of] all amounts of Energy to be delivered and sold to Buyer pursuant to this Agreement. Seller shall deliver Energy in accordance with its Day-Ahead Schedule. Seller shall accurately reflect on such Schedule the Project’s available capacity (or if PIRP is not available for any reason, the expected generation of the Project, subject to Delivered Energy)] [For all Products other than As-Available intermittent: the applicable CAISO Tariff, and expected Delivered Energy]. Seller may not change such Schedule past the deadlines provided in this section except in the event of a Forced Outage or Schedule change imposed by Buyer or the CAISO, in which case Seller shall promptly provide Buyer with a copy of any and all updates to such Schedule indicating changes from the then-current Schedule. These notices and changes to the Schedules shall be sent to Buyer’s on-duty Scheduling Coordinator. If Seller fails to provide Buyer with a Day-Ahead Schedule Forecast as required herein, then for such unscheduled delivery period only Buyer shall rely on the delivery Schedule provided in the Monthly Delivery Forecast or Buyer’s best estimate based on information reasonably available to Buyer and Seller shall be liable for Scheduling and delivery based on such Monthly Delivery Forecast or Buyer’s best estimate.
(f) **Hourly Delivery Schedules.** Notwithstanding anything to the contrary herein, in the event Seller makes a change to its Schedule on the actual date of delivery for any reason including Forced Outages (other than a scheduling change imposed by Buyer or CAISO) which results in a change to its deliveries (whether in part or in whole), Seller shall notify Buyer immediately by calling Buyer’s on-duty Scheduling Coordinator. Seller shall notify Buyer and the CAISO of Forced Outages in accordance with Section 3.7. Seller shall keep Buyer informed of any developments that will affect either the duration of the outage or the availability of the Project during or after the end of the outage.

(g) **[For Dispatchable Product Only: Availability Notices.** During the Delivery Period, no later than two (2) Business Days before each Schedule day for the day-ahead market in accordance with WECC scheduling practices, Seller shall provide Buyer with an hourly Schedule of the capacity that the Project is expected to have available for each hour of such Schedule day (the “Availability Notice”). Seller will notify Buyer immediately if the available capacity of the Project may change after Buyer’s receipt of an Availability Notice. Seller shall accommodate Buyer’s reasonable requests for changes in the time of delivery of Availability Notices. Seller shall provide Availability Notices using the form developed by the Parties under Section 3.10 by (in order of preference) electronic mail, facsimile transmission or, telephonically to Buyer personnel designated to receive such communications.]

(h) **[For Dispatchable Product Only: Notices/Dispatch.** Buyer will have the right to dispatch the Project, seven days per week and 24 hours per day (including holidays), by providing Dispatch Notices and updated Dispatch Notices to Seller electronically, and subject to the requirements and limitations set forth in this Agreement. Should dispatch be subject to automatic dispatch system or automatic generation control by Buyer or the CAISO, Seller shall ensure that the Project is capable of following such dispatch. Each Dispatch Notice will be effective unless and until Buyer modifies such Dispatch Notice by providing Seller with an updated Dispatch Notice. If an electronic submittal is not possible for reasons beyond Buyer’s control, Buyer may provide Dispatch Notices by (in order or preference) electronic mail, telephonically, or facsimile transmission to Seller’s personnel designated to receive such communications, as provided by Seller in writing. In addition to any other requirements set forth or referred to in this Agreement, all Dispatch Notices and updated Dispatch Notices will be made in accordance with market notice timelines as specified in the CAISO Tariff.]

3.4 **Dispatch Down/Curtailment.** Seller shall reduce delivery amounts as directed by the CAISO, the Participating Transmission Owner, Buyer, or a Transmission Provider during any Dispatch Down Period.

3.5 **Standards of Care.**

(a) **General Operation.** Seller shall comply with all applicable requirements of Law, the CAISO, NERC and WECC relating to the Project (including those related to construction, ownership and/or operation of the Project).

(b) **CAISO and WECC Standards.** Each Party shall perform all generation, scheduling and transmission services in compliance with all applicable (i) operating policies,
criteria, rules, guidelines, tariffs and protocols of the CAISO, (ii) WECC scheduling practices and (iii) Good Industry Practices.

(c) **Reliability Standard.** Seller agrees to abide by all (i) NERC, WECC and CAISO reliability requirements, including all such reliability requirements for generator owners and generator operators, and, if applicable, CPUC General Order No.167, “Enforcement of Maintenance and Operation Standards for Electrical Generating Facilities,” and (ii) all applicable requirements regarding interconnection of the Project, including the requirements of the interconnected Transmission Provider. Seller shall enter into and comply with the WECC Reliability Management System (Generator) Agreement, or successor agreement, as of the Commercial Operation Date [for existing facilities: start of the Delivery Term], and throughout the Delivery Term.

3.6 **Metering.**

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

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

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

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

(b) Real Time Telemetry. Seller shall install, activate and maintain metering, communication and telemetry equipment for the Project in a centralized system to which Buyer shall have real time access. Seller shall link its system to Buyer via an approved Buyer communication network, utilizing existing industry standard network protocol, as reasonably approved by Buyer. Seller shall correct any problems with such equipment as soon as practicable.

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

3.7 Outage Notification.

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

(b) Forced Outages. Within [When Seller is the SC for the Project: two hours] [When SDG&E is the SC for the Project: fifteen minutes] of any Forced Outage, Seller shall submit a completed Outage Notification Form to the Buyer in accordance with the instructions shown on the form and shall submit outage information to the CAISO in accordance with the CAISO Tariff [When SDG&E is the SC for the Project: and Section 3.3(b)(ii) above]. Seller shall not substitute Energy from any other source for the output of the Project during a Forced Outage.

(c) Coordination with CAISO. Seller shall be responsible [When SDG&E is SC for the Project: in accordance with Section 3.3(b)(ii)] for all outage coordination communications with the CAISO. Buyer shall cooperate with Seller in arranging and coordinating all Project outages with the CAISO.

3.8 Operations Logs and Access Rights.

(a) Operations Logs. Seller shall maintain a complete and accurate log of all material operations and maintenance information on a daily basis. Such log shall include, but not be limited to, information on power production, fuel consumption, efficiency, availability, maintenance performed, outages, results of inspections, manufacturer recommended services, replacements, electrical characteristics of the generators, control settings or adjustments of equipment and protective devices. Seller shall maintain this information for at least two (2) years and shall provide this information electronically to Buyer within one day of Buyer’s request.

(b) Access Rights. Buyer, its authorized agents, employees and inspectors shall have the right of ingress to and egress from the Project during normal business hours upon reasonable advance Notice and for any purposes reasonably connected with this Agreement.

3.9 New Generation Facility. [For existing facilities: Delete this section.]

(a) Project Development. Seller, at no cost to Buyer, shall:

(i) Design and construct the Project.

(ii) Perform all studies, pay all fees, obtain all necessary approvals and execute all necessary agreements with the CAISO and the Participating Transmission Owner for the Interconnection Facilities to Schedule and deliver the Product.
(iii) Acquire all Governmental Approvals and other approvals necessary for the construction, operation, and maintenance of the Project.

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

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

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

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

(b) Construction Milestones.

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

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

(c) Daily Delay Damages.

(i) COD. Seller shall cause the Project to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date; provided, however, that the
Commercial Operation Date shall not occur more than one hundred eighty (180) days prior to the Guaranteed Commercial Operation Date. If the Commercial Operation Date occurs after the Guaranteed Commercial Operation Date, Seller shall pay to Buyer liquidated damages equal to Daily Delay Damages for each day or portion of a day that the Commercial Operation Date occurs after the Guaranteed Commercial Operation Date for up to a total of [_______] days (“Project Cure Period”). In addition, Seller shall submit a Remedial Action Plan within ten (10) days after the Guaranteed Commercial Operation Date if the Project has not then achieved the Commercial Operation. Each Party agrees and acknowledges that (a) the actual damages that Buyer would incur due to a delay in achieving Commercial Operation on or before the Guaranteed Commercial Operation Date would be difficult or impossible to predict with certainty, (b) the Daily Delay Damages set forth in this section are a reasonable and appropriate approximation of such damages, and (c) the Daily Delay Damages set forth in this section are the exclusive remedy for Seller’s delay in achieving Commercial Operation by the Guaranteed Commercial Operation Date but shall not otherwise act to limit any of Buyer’s rights or remedies arising from any other Event of Default by Seller, including, without limitation, the failure by Seller to achieve Commercial Operation altogether.

(ii) Extensions. The Guaranteed Commercial Operation Date and the deadline dates for Milestone numbers [________] as set forth in Exhibit B shall be extended on a day for day basis for up to ninety (90) calendar days in the aggregate without imposition of any Daily Delay Damages to the extent Seller is actually and demonstrably delayed in its critical path to achieving Commercial Operation by the Guaranteed Commercial Operation Date as a result of Force Majeure.

3.10 Operating Procedures. No later than forty-five (45) days before the Commercial Operation Date, and from time to time as reasonably determined necessary by the Parties, the Parties shall meet to address how each Party will perform its respective obligations under this Agreement, including, but not limited to: (1) the method of day-to-day communications; (2) key personnel lists for each Party; (3) procedures for Forced Outage and Planned Outage reporting; (4) procedures for delivery forecasting; (5) procedures for record keeping; (6) Scheduling procedures; and (7) invoicing and payment procedures; provided, that the failure to agree on these operating procedures will not relieve the Parties of their respective obligations under this Agreement, and any failure to agree shall be resolved in accordance with the dispute resolution procedures in Article 10.

ARTICLE FOUR: COMPENSATION; MONTHLY PAYMENTS

4.1 [For Dispatchable Product Only:] Capacity Payment.

(a) Capacity Price.

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Capacity Price ($/KW)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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(b) **Monthly Capacity Payment.** For each month, Buyer shall pay Seller for the Product the amount calculated as follows ("Monthly Capacity Payment"): 

\[ MCP = CC \times CP \times SF \times AAF \]

Where:

- \( MCP \) is the Monthly Capacity Payment expressed in Dollars for such month of the Delivery Period.
- \( CC \) is the Contract Capacity, expressed in kW, rounded to the nearest 100 kW.
- \( CP \) is the Capacity Price expressed in Dollars per kW-year, for the applicable month.
- \( SF \) is the Monthly Shaping Factor for the applicable month, as set forth in the following table:

<table>
<thead>
<tr>
<th>Month</th>
<th>Monthly Shaping Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>6.7</td>
</tr>
<tr>
<td>February</td>
<td>5.0</td>
</tr>
<tr>
<td>March</td>
<td>5.0</td>
</tr>
<tr>
<td>April</td>
<td>5.8</td>
</tr>
<tr>
<td>May</td>
<td>6.3</td>
</tr>
<tr>
<td>June</td>
<td>8.3</td>
</tr>
<tr>
<td>July</td>
<td>15.8</td>
</tr>
<tr>
<td>August</td>
<td>17.5</td>
</tr>
<tr>
<td>September</td>
<td>11.7</td>
</tr>
<tr>
<td>October</td>
<td>5.8</td>
</tr>
<tr>
<td>November</td>
<td>5.8</td>
</tr>
<tr>
<td>December</td>
<td>6.3</td>
</tr>
</tbody>
</table>

- \( AAF \) is the Availability Adjustment Factor for each month, expressed as a three-place decimal and determined as follows:

  (a) If the Equivalent Availability Factor ("EAF") for the month is less than or equal to 0.980, then the AAF equals \( \frac{EAF}{0.98} \).

  (b) If the EAF for the month is greater than 0.980 but less than 0.990, then the AAF equals 1.0.
(c) If the EAF for the month is greater than or equal to 0.990, then the AAF equals EAF / 0.99.

EAF is the Equivalent Availability Factor for each month determined as follows:

\[ EAF = \frac{PH - (EDH - EEDH)}{PH} \]

Where:

- \( PH \) is the number of period hours;

- \( EDH \) is the number of equivalent derate hours calculated as the sum, for each derate, of the product of the number of hours of full or partial derate hours times the size of the reduction divided by the Contract Capacity for the month. For the purposes of this calculation, a derate includes all outages for any reason, including without limitation, Forced Outages, Force Majeure events, Dispatch Down Periods, Planned Outages, Buyer’s failure to perform, and other times when any portion of the Contract Capacity is not available or the Delivered Energy of the Project is less than the amount of Energy dispatched by Buyer; and

- \( EEDH \) is the number of equivalent excused derate hours solely due to either Dispatch Down Periods or Buyer’s failure to perform (and for no other reason), calculated as the sum, for each excused derate, of the product of the number of hours of full or partial derate hours times the size of the reduction, divided by the Contract Capacity for the month.

4.2 Energy Payment.

(a) Energy Price. The price for each MWh of [When Seller is SC for the Project: Contract Energy] [When SDG&E is SC for the Project: Delivered Energy] in each Contract Year shall be as follows (“Energy Price”):

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Energy Price ($/MWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(b) [For TOD Pricing Only: TOD Factors and TOD Periods. In accordance with all other terms of this Article 4, the Energy Price shall be adjusted by the following Time of
Delivery Factors (“TOD Factors”) for each of the specified Time of Delivery Periods listed in the first column (“TOD Periods”) in which Energy is delivered:

<table>
<thead>
<tr>
<th>Period</th>
<th>Time</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer</td>
<td>July 1 – October 31</td>
<td>On-Peak: Weekdays 11am – 7pm TOD Factor = 1.6411</td>
<td>Winter: Weekdays 1pm - 9pm TOD Factor = 1.1916</td>
</tr>
<tr>
<td>Winter</td>
<td>November 1 – June 30</td>
<td>Semi-Peak: Weekdays 6am – 11am; Weekdays 7pm - 10pm TOD Factor = 1.0400</td>
<td>Weekdays 6am – 1pm; Weekdays 9pm – 10pm TOD Factor = 1.0790</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Off-Peak*: All other hours TOD Factor = 0.8833</td>
<td>All other hours TOD Factor = 0.7928</td>
</tr>
</tbody>
</table>

*All hours during NERC holidays are off-peak.

(c) **Monthly Energy Payment.** For each month, Buyer shall pay Seller for the Product an amount equal to the sum for each hour in the month of the product of the Energy Price [For TOD Pricing Only: times the TOD Factor for the applicable TOD Period] times the [When Seller is SC for the Project: Contract Energy] [When SDG&E is SC for the Project: Delivered Energy] in each hour (“Monthly Energy Payment”).

[When Seller is SC for the Project: Monthly Energy Payment = \( \sum \) Energy Price x [For TOD Pricing Only: TOD Factor x] Contract Energy]  

[When SDG&E is SC for the Project: Monthly Energy Payment = \( \sum \) Energy Price x [For TOD Pricing Only: TOD Factor x] Delivered Energy]  

4.3 **Imbalance Energy.** Seller shall use commercially reasonable efforts to deliver Energy in accordance with the Scheduled Energy. Buyer and Seller recognize that from time to time the amount of Delivered Energy will deviate from the amount of Scheduled Energy. When Delivered Energy minus Scheduled Energy is a positive amount, it shall be considered “Positive Imbalance Energy;” when Delivered Energy minus Scheduled Energy is a negative amount, the absolute (i.e., positive) value of that amount shall be considered the “Negative Imbalance Energy.” [When Seller is SC for the Project: Seller shall be responsible for settlement of Imbalance Energy with the CAISO and all fees, liabilities, assessments, or similar charges assessed by the CAISO in connection with Imbalance Energy. Seller shall also reimburse Buyer for any and all fees, liabilities, assessments, or similar charges assessed by the CAISO, incurred by Buyer as a result of any imbalance in Seller’s scheduling and deliveries from the Project or any other failure by Seller to abide by the CAISO Tariff and all applicable protocols.] Buyer and Seller shall cooperate to minimize charges and imbalances associated with Imbalance Energy to the extent possible. Seller shall promptly notify Buyer as soon as possible of any material imbalance that is occurring or has occurred. [When Seller is SC for the Project, include the following three paragraphs: Such notification shall not alter Seller’s responsibilities for payment for all such charges under this Agreement.] 

[When Seller is SC for the Project, include the following three paragraphs:]
(a) **Positive Imbalance Energy (Over Deliveries).** *For As-Available Product EIRPPIRP Participants only:* In the event that Delivered Energy for such month is equal to or greater than Scheduled Energy for such month, Buyer shall have no payment obligation in respect of the Positive Imbalance Energy. Buyer shall receive all Green Attributes for the Positive Imbalance Energy in such month regardless as to whether it was sold into the CAISO. Seller shall be entitled to all payments or credits from the CAISO to Seller’s SC in respect of the Positive Imbalance Energy. *For all Non-EIRPPIRP Participants:* In the event that Delivered Energy for any CAISO settlement interval is equal to or greater than Scheduled Energy for such CAISO settlement interval, Buyer shall have no payment obligation in respect of the Positive Imbalance Energy. Buyer shall receive all Green Attributes for the Positive Imbalance Energy in such CAISO settlement interval regardless as to whether it was sold into the CAISO. Seller shall be entitled to all payments or credits from the CAISO to Seller’s SC in respect of the Positive Imbalance Energy.

(b) **Negative Imbalance Energy (Under Deliveries).** *For As-Available Product EIRPPIRP Participants only:* In the event that Delivered Energy for such month is less than Scheduled Energy for such month, Buyer shall pay Seller, in addition to the Monthly Energy Payment, an amount equal to the product of (i) the Negative Imbalance Energy for the month, times (ii) the lower of the Energy Price *For TOD Pricing Only:* (without any TOD Factor correction) or the Imbalance Price (defined below) for the month. Seller shall make all payments to the CAISO in respect of the Negative Imbalance Energy required under the CAISO Tariff. The “Imbalance Price” shall be the monthly average imbalance price applied by the CAISO and paid by the Seller with respect to imbalance charges for participants in EIRPPIRP. *For all Non-EIRPPIRP Participants:* In the event that Delivered Energy for any CAISO settlement interval is less than Scheduled Energy for such CAISO settlement interval, Buyer shall have no payment obligation in respect of the Negative Imbalance Energy. Seller shall make all payments to the CAISO in respect of the Negative Imbalance Energy required under the CAISO Tariff.

(c) *For As-Available Product EIRPPIRP Participants only:* Invoicing for Imbalance Energy. For monthly invoicing, Seller and Buyer agree to use the last available Imbalance Price. Beginning with the first months’ invoice following the month in which the actual Imbalance Price becomes available for the applicable month, there shall be a true-up adjustment in the next monthly invoice for the Imbalance Price payable in respect of the Imbalance Energy for the applicable month.

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

4.5 **Energy Sales Prior to Commercial Operation Date.** *Seller may propose provisions for the sale to Buyer of energy prior to the Commercial Operation Date at a negotiated percentage of the Monthly Energy Payment*[For existing facilities: delete.]
ARTICLE FIVE: EVENTS OF DEFAULT; FORCE MAJEURE

5.1 Events of Default. An “Event of Default” shall mean,

(a) with respect to a Party that is subject to the Event of Default the occurrence of any of the following:

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

(ii) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof;

(iii) the failure by such Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party’s obligations to Schedule, deliver, or receive the Product, the exclusive remedy for which is provided in Section 3.1(h)) and such failure is not remedied within thirty (30) days after Notice thereof;

(iv) such Party becomes Bankrupt;

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

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

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

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

(ii) the failure by Seller to achieve the Commercial Operation Date no later than the end of the Project Cure Period; [For existing facilities: Delete]

(iii) [For Baseload, Peaking, Dispatchable Product: the Contract Capacity at the Commercial Operation Date or at any other time pursuant to a Capacity Test is
(iv) **For Baseload, Peaking, As-Available Product:** the failure by Seller to achieve the Guaranteed Energy Production requirement during any Performance Measurement Period as set forth in Section 3.1(e) of this Agreement; \[For Dispatchable Product: the Default Availability Factor of the Project is less than [_______] percent for any rolling twelve (12) consecutive calendar month period;\] or

(v) the failure by Seller to deliver a Remedial Action Plan that reasonably demonstrates in detail how Seller will achieve the Commercial Operation Date within the Project Cure Period, if such failure is not remedied within ten (10) days after Notice; \[For existing-facilities: Delete\]

(vi) Failure by Seller to satisfy the collateral requirements pursuant to Sections 8.3, 8.4, or 8.5 of this Agreement;

(vii) with respect to any Guaranty provided for the benefit of Buyer, the failure by Seller to provide for the benefit of Buyer either (1) cash, (2) a replacement Guaranty from a different Guarantor meeting the criteria set forth in the definition of Guarantor, or (3) a replacement Letter of Credit from an issuer meeting the criteria set forth in the definition of Letter of Credit, in each case, in the amount required hereunder within five (5) Business Days after Seller receives Notice of the occurrence of any of the following events:

(A) if any representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof;

(B) the failure of the Guarantor to make any payment required or to perform any other material covenant or obligation in any Guaranty;

(C) the Guarantor becomes Bankrupt;

(D) the Guarantor shall fail to meet the criteria for an acceptable Guarantor as set forth in the definition of Guarantor;

(E) the failure of the Guaranty to be in full force and effect (other than in accordance with its terms) prior to the indefeasible satisfaction of all obligations of Seller hereunder; or

(F) the Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any Guaranty; or

(viii) with respect to any outstanding Letter of Credit provided for the benefit of Buyer, the failure by Seller to provide for the benefit of Buyer either (1) cash, or (2) a substitute Letter of Credit from a different issuer meeting the criteria set forth in the definition of
Letter of Credit, in each case, in the amount required hereunder within five (5) Business Days after Seller receives Notice of the occurrence of any of the following events:

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

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

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

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

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

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

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

5.3 Termination Payment. The Termination Payment for a Terminated Transaction shall be the aggregate of all Settlement Amounts plus any or all other amounts due to the Non-Defaulting Party netted into a single amount. Except in the case of a termination of this Agreement by the Non-Defaulting Party solely as a result of an Event of Default by the Defaulting Party under Section 5.1(a)(iv) [Bankruptcy], if the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment shall be zero. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for the Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation...
of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages; provided, however, that any lost Capacity Attributes, Green Attributes, and [ITC] [PTC] benefits (that Seller has not been able to mitigate after use of reasonable efforts) shall be deemed direct damages covered by this Agreement and Green Attributes. Without prejudice to the Non-Defaulting Party’s duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (a) the actual damages that the Non-Defaulting Party would incur in connection with a Terminated Transaction would be difficult or impossible to predict with certainty, (b) the Termination Payment described in this section is a reasonable and appropriate approximation of such damages, and (c) the Termination Payment described in this section is the exclusive remedy of the Non-Defaulting Party in connection with a Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party’s rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

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

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

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

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

5.8 Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party gives Notice and details of the Force Majeure to the other Party as detailed below, then, the Party impacted by Force Majeure shall be excused from the performance of its obligations to the extent impacted. Within forty-eight (48) hours of commencement of an event of Force Majeure, the non-performing Party shall provide the other Party with oral notice of the event of Force Majeure, and within two (2) weeks of the commencement of an event of Force Majeure the non-
performing Party shall provide the other Party with Notice in the form of a letter describing in detail the particulars of the occurrence giving rise to the Force Majeure claim. Seller shall not substitute Product from any other source for the output of the Project during an outage resulting from Force Majeure. The suspension of performance due to a claim of Force Majeure must be of no greater scope and of no longer duration than is required by the Force Majeure. Buyer shall not be required to make any payments for any Product that Seller fails to Schedule, deliver or provide as a result of Force Majeure during the term of a Force Majeure. This Agreement may be terminated by the non-claiming Party with no further obligation to the Party impacted by Force Majeure if a Force Majeure event prevents the performance of a material portion of the obligations hereunder and such Force Majeure event is not resolved within eight (8) months after the commencement of such Force Majeure event.

ARTICLE SIX: PAYMENT

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

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

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

ARTICLE SEVEN: LIMITATIONS

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

[For deals with a Delivery Term of 2 years or less: this section will be modified to remove all references to the Development Period Security and the Construction Period Security.]

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

8.2 Seller Financial Information. Seller shall provide the following financial information:

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

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

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

8.4 Performance Assurance.

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

(i) Development Period Security in the amount of [______________] in the form of cash or a Letter of Credit [or a Guaranty] from the Execution Date of this Agreement until the later of the CP Satisfaction Date and the date Seller posts Construction Period Security pursuant to subpart (ii) below, with Buyer;

(ii) Construction Period Security in the amount of [______________] in the form of cash or a Letter of Credit [or a Guaranty] from the CP Satisfaction Date until the later of the commencement of the Delivery Term and the date Seller posts Delivery Term Security pursuant to subpart (iii) below, with Buyer; and

(iii) Delivery Term Security in the amount of [______________] in the form of cash or a Letter of Credit [or a Guaranty] from the commencement of the Delivery Term until the end of the Delivery Term.

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

[For deals with a Delivery Term of 2 years or less: Section 8.4(a) shall be replaced with the following:}
(a) **Delivery Term Security.** To secure its obligations under this Agreement Seller agrees to deliver to Buyer and maintain in full force and effect for the period set forth below, the following Performance Assurance:

Delivery Term Security in the amount of [______________] in the form of cash or a Letter of Credit [or a Guaranty] from the CP Satisfaction Date until the end of the Delivery Term.

Any such Performance Assurance shall not be deemed a limitation of damages.

(b) **Return of Performance Assurance.**

(i) Buyer shall promptly return to Seller the unused portion of the Development Period Security after the earlier of (A) the first date on or after the CP Satisfaction Date that Seller has delivered the Construction Period Security, and (B) termination of the Agreement by either Party under Section 2.4(b) unless it constitutes a termination by Seller under Section 2.4(b)(ii).

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

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

8.5 **Interest on Cash.** If Seller provides Performance Assurance in the form of cash, Buyer shall pay interest on such cash held as Development Period Security, Construction Period Security, or Delivery Term Security, as applicable, at the Interest Rate. On or before each Interest Payment Date, Buyer shall transfer the sum of all accrued and unpaid Interest Amounts due to Seller for such security in the form of cash by wire transfer to the bank account specified under “Wire Transfer” in the Cover Sheet.

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

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

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

ARTICLE TEN: REPRESENTATIONS AND WARRANTIES; COVENANTS

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

(a) it is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation;

(b) it has all Governmental Approvals necessary for it to perform its obligations under this Agreement, except for as of the Execution Date (i) CPUC Approval in the case of Buyer, and (ii) all Governmental Approvals necessary to construct, operate and maintain the Project and related interconnection facilities in the case of Seller;

(c) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any applicable Law;

(d) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;

(e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;
(f) except as may be set forth in its reports filed with the SEC, there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

(g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(h) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

(i) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or the ability to make or take delivery of the Product as provided in this Agreement.

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

10.3 Covenants.

(a) General Covenants. Each Party covenants that throughout the Delivery Term:

(i) it shall continue to be duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation;

(ii) it shall maintain (or obtain from time to time as required, including through renewal, as applicable) all Governmental Approvals necessary for it to legally perform its obligations under this Agreement;

(iii) it shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any applicable Law; and

(iv) it shall not dispute its status as a “forward contract merchant” within the meaning of the United States Bankruptcy Code.

(b) Seller Covenants.
(i) Seller covenants throughout the Delivery Term that it, or its permitted successors or assigns, have or will have ownership of a fee or long-term leasehold interest in the Project.

(ii) Seller covenants throughout the Delivery Term that it shall maintain market based rate authority from FERC to sell Product to Buyer under the terms of this Agreement.

ARTICLE ELEVEN: TITLE, RISK OF LOSS, INDEMNITIES

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

11.2 Indemnities.

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

(b) Indemnity by Buyer. Buyer shall release, indemnify, defend, and hold harmless Seller, its Affiliates, and its and their directors, officers, employees, agents, and representatives against and from any and all Claims resulting from, or arising out of or in any way connected with (i) any event, circumstance, act, or incident relating to the Product received by Seller under this Agreement after the Delivery Point, (ii) the failure by Buyer to comply with applicable Law, including without limitation the CAISO Tariff, or (iii) any Governmental Charges for which Buyer is responsible hereunder, in all cases including, without limitation, any Claim for or on account of injury, bodily or otherwise, to or death of persons, or for damage to or destruction of property belonging to Buyer, Seller, or others, excepting only such Claim to the extent caused by the willful misconduct or gross negligence of Seller, its Affiliates, and its and their directors, officers, employees, agents, and representatives.
ARTICLE TWELVE: DISPUTE RESOLUTION

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

12.2 Management Negotiations.

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

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

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

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

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

(a) Any arbitrator shall have no affiliation with, financial or other interest in, or prior employment with either Party and shall be knowledgeable in the field of the dispute.
The Parties shall cooperate with one another in selecting the arbitrator within sixty (60) days after Notice of the demand for arbitration. If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually-acceptable arbitrator, the arbitrator shall be appointed as provided for in [AAA’s Commercial Arbitration Rules-] [JAMS [Comprehensive][Streamlined] Arbitration Rules and Procedures].

(b) At the request of a Party, the arbitrator shall have the discretion to order depositions of witnesses to the extent the arbitrator deems such discovery relevant and appropriate. Depositions shall be limited to a maximum of three (3) per Party and shall be held within thirty (30) days of the making of a request. Additional depositions may be scheduled only with the permission of the arbitrator, and for good cause shown. Each deposition shall be limited to a maximum of six (6) hours duration unless otherwise permitted by the arbitrator for good cause shown. All objections are reserved for the Arbitration hearing except for objections based on privilege and proprietary and confidential information. The arbitrator shall also have discretion to order the Parties to exchange relevant documents. The arbitrator shall also have discretion to order the Parties to answer interrogatories, upon good cause shown.

(c) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages and the other remedies contemplated by this Agreement.

(d) The arbitrator shall prepare in writing and provide to the Parties an award including factual findings and the reasons on which their decision is based.

(e) The arbitrator’s award shall be made within nine (9) months of the filing of the notice of intention to arbitrate (demand) and the arbitrator shall agree to comply with this schedule before accepting appointment. However, this time limit may be extended by agreement of the Parties or by the arbitrator, if necessary.

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

(g) The prevailing Party in this dispute resolution process is entitled to recover its costs. Until such award is made, however, the Parties shall share equally in paying the costs of the Arbitration.

(h) The arbitrator shall have the authority to grant dispositive motions prior to the commencement of or following the completion of discovery if the arbitrator concludes that there is no material issue of fact pending before the arbitrator.

(i) The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.

(j) The existence, content, and results of any Arbitration hereunder is confidential information that is subject to the provisions of Section 13.1.
ARTICLE THIRTEEN: MISCELLANEOUS

13.1 Confidentiality.

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

(b) RPS Confidentiality. Notwithstanding Section 13.1(a) of this Agreement, at any time on or after the date on which the Buyer makes its filing seeking CPUC Approval of this Agreement, either Party shall be permitted to disclose the following terms with respect to this Agreement: Party names, resource type, Delivery Term, Project location, Contract Capacity, anticipated Commercial Operation Date, Contract Quantity, and Delivery Point.

(c) Publicity. Except as otherwise agreed to in this Section 13.1 above, no announcement, publicity, advertising, press release, promotional or marketing materials regarding the arrangement contemplated under this Agreement, including the existence hereof, shall be made by either Party without the prior written approval of the other Party which approval shall not be unreasonably withheld or delayed.

13.2 Assignment. Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld. For purposes hereof, a change in control the transfer of at least fifty percent (50%) of the equity ownership or voting interest of Seller (or any parent entity holding a direct or indirect at least fifty percent (50%) of the equity ownership or voting interest of Seller if such interest constitutes more than twenty percent (20%) of the value of such entity), or a merger, consolidation or reorganization of Seller entity shall also constitute an assignment of this Agreement requiring Buyer’s prior written consent. Notwithstanding the foregoing, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues or proceeds hereof to its financing providers. In connection with any
financing or refinancing of the Project by Seller, Buyer shall in good faith negotiate and agree upon a consent to collateral assignment of this Agreement in a form that is commercially reasonable and customary in the industry.

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

13.4 Sarbanes-Oxley and Securities and Exchange Commission ("SEC") Requirements. [For contracts with a short delivery period: this may be deleted.] The Parties acknowledge that accounting principles generally accepted in the United States of America ("GAAP") and Securities and Exchange Commission ("SEC") rules require Buyer and its independent auditor to evaluate whether Buyer must consolidate Seller’s financial information (but not financial information of Seller’s constituent members unless deemed to be included in the entity under GAAP). Buyer will require access to certain records, including but not limited to financial records, and personnel of Seller to determine if consolidated financial reporting is required. If Buyer and its independent auditor determine at any time that the Buyer must consolidate the Seller’s financial statements to comply with GAAP and/or SEC rules regarding consolidated financial reporting, then:

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

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

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

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

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

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

(b) If Buyer (i) in its sole discretion determines that the financial statements of the Seller would be considered material to the Buyer or its parent company’s financial statements, financial condition, or internal controls over financial reporting, and (ii) reasonably determines Seller’s internal controls over financial reporting are not operating effectively or have resulted in a control deficiency, Buyer shall provide Notice to Seller. Upon receipt of such Notice, Seller will have thirty (30) days to remediate any deficiency in Seller’s internal controls over financial reporting identified by the Buyer, which Buyer and Buyer’s independent auditor deem to be necessary to ensure Seller’s internal controls over financial reporting are adequate, during or as a result of the audits permitted under Section 13.4(a)(iii) or any other.

(c) As soon as possible, but in no event later than two (2) Business Days following any occurrence that would affect Seller in any material way, Seller shall provide to Buyer a Notice describing such occurrence in sufficient detail to permit the Buyer to file a report on SEC Form 8-K. Such occurrences include all reportable events on the then current Form 8-K that applies to Buyer and its parent company at such time, including but not limited to a material acquisition or disposition of assets, a material direct financial obligation or off-balance sheet financing arrangement, material litigation, and the execution or termination of a material contract.

(d) Any information provided to Buyer shall be treated as confidential except that it may be disclosed in connection with the preparation, review, certification and publication of Buyer’s financial statements.

(e) Seller shall notify Buyer at any time during the term of this Agreement of any services provided or proposed to be provided to Seller by Buyer’s independent auditor. Seller, and any of Seller’s Affiliates, are prohibited from engaging Buyer’s independent auditor for any services or in any consulting agreement without the express written consent of partner in charge of Buyer’s independent audit.
13.5 **Entire Agreement.** This Agreement, together with the Cover Sheet and each and every appendix, attachment, amendment, schedule and any written supplements hereto, if any, between the Parties constitutes the entire agreement between the Parties.

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

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

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

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

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

13.11 **Severability.** If any provision in this Agreement is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement and the Parties shall use their best efforts to modify this Agreement to give effect to the original intention of the Parties.
13.12 **Counterparts.** This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by fax will be deemed as effective as delivery of an originally executed counterpart. Any Party delivering an executed counterpart of this Agreement by facsimile will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement.

13.13 **Notices.** Whenever this Agreement requires or permits delivery of a “Notice” (or requires a Party to “notify”), the Party with such right or obligation shall provide a written communication in the manner specified in herein; provided, however, that notices of Outages or other Scheduling or dispatch information or requests, shall be provided in accordance with the terms set forth in the relevant section of this Agreement. Invoices may be sent by facsimile or e-mail. A Notice sent by facsimile transmission or e-mail will be recognized and shall be deemed received on the Business Day on which such Notice was transmitted if received before 5:00 p.m. (and if received after 5:00 p.m., on the next Business Day) and a Notice of overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party. Each Party shall provide Notice to the other Party of the persons authorized to nominate and/or agree to a Schedule or Dispatch Order for the delivery or acceptance of the Product or make other Notices on behalf of such Party and specify the scope of their individual authority and responsibilities, and may change its designation of such persons from time to time in its sole discretion by providing Notice.

13.14 **Mobile Sierra.** Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the “public interest” application of the “just and reasonable” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 US 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 US 348 (1956).
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

SAN DIEGO GAS & ELECTRIC COMPANY
a California corporation

By: ____________________________________________
  Name:________________________________________
  Title:________________________________________

__________________________________________
By: _________________________________________
  Name:_______________________________________
  Title:_______________________________________
PROJECT DESCRIPTION INCLUDING DESCRIPTION OF SITE

PROJECT DESCRIPTION

Project name ______________________________________________________

Project Site name:  __________________________________________________

Project physical address:  _____________________________________________

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

Technology Type: _________________________________________________

Substation:

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

The nameplate capacity of the Project is ______________.

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

[INSERT MAP]
### MILESTONE SCHEDULE

**For existing facilities:** Delete

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td>Submits interconnection application.</td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td>Files any land applications.</td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td>Files a CEC Certification and Verification application.</td>
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<tr>
<td>4.</td>
<td></td>
<td>Files Governmental Approval application(s) [add details].</td>
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<tr>
<td>5.</td>
<td></td>
<td>Receives a completed interconnection feasibility study.</td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td>Receives CEC Certification and Verification.</td>
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<tr>
<td>7.</td>
<td></td>
<td>Receives a completed interconnection system impact study.</td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td>Obtains control of all lands and rights-of-way comprising the Site.</td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td>Receives a completed interconnection facility study.</td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td>Executes interconnection agreement and/or transmission agreement.</td>
</tr>
<tr>
<td>11.</td>
<td></td>
<td>Receives FERC acceptance of interconnection agreement and transmission agreement(s).</td>
</tr>
<tr>
<td>12.</td>
<td></td>
<td>[Executes long term fuel contract.] [Completes a comprehensive resource assessment.]</td>
</tr>
<tr>
<td>13.</td>
<td></td>
<td>Executes a turbine supply contract.</td>
</tr>
<tr>
<td>15.</td>
<td></td>
<td>Receives all Governmental Approvals [add details].</td>
</tr>
<tr>
<td>17.</td>
<td></td>
<td>Delivers full NTP under EPC contract and begins construction of the Project.</td>
</tr>
<tr>
<td>18.</td>
<td></td>
<td>Begins startup activities.</td>
</tr>
<tr>
<td>19.</td>
<td></td>
<td>Executes Meter Service Agreement and Participating Generator Agreement.</td>
</tr>
<tr>
<td>20.</td>
<td></td>
<td>Achieves initial operation.</td>
</tr>
<tr>
<td>22.</td>
<td>GCOD</td>
<td>Commercial Operation Date.</td>
</tr>
</tbody>
</table>
Exhibit C

FORM OF LETTER OF CREDIT

[DATE]

To: [Name and Address of Secured Party]

Re: Our Irrevocable Standby Letter of Credit No.____
In the Amount of US____________

Gentlemen:

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

1- Statement signed by a person purported to be an authorized representative of Secured Party stating that: “[name of Account Party] (“Account Party”) is in default under the agreement between Secured Party and Account Party dated _________________ or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a “default”, “event of default” or similar term as defined in such agreement, any other agreement between Secured Party and Account Party, or otherwise). The amount due to Secured Party is US $______________.”

or

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

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Account Party.
- Partial and multiple drawings are permitted.
- Fax of Document 1 or 2 above acceptable.
This Letter of Credit expires on _______________ at our counters.

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

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

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

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

[Name of Bank]

______________________________
Authorized Signature(s)
FORM OF GUARANTY

GUARANTY

In consideration of San Diego Gas and Electric Company (“Company”) entering into a power purchase agreement with [NAME OF COUNTERPARTY][NAME OF COUNTERPARTY] (hereinafter referred to as “Applicant”), [NAME OF GUARANTOR][NAME OF GUARANTOR], a [TYPE OF LEGAL ENTITY i.e. California corporation][TYPE OF LEGAL ENTITY i.e. California corporation], (hereinafter referred to as “Guarantor”) agrees with Company as follows:

1. The term “Obligations” shall mean all obligations, liabilities and indebtedness of any kind whatsoever arising in connection with _________________ or arising in connection with or under any security agreement or other agreement between the Company and Applicant. The amount of Obligations existing from time to time shall be calculated after giving effect to all contractual netting arrangements between Applicant and the Company.

2. Guarantor unconditionally and irrevocably guarantees to Company the full, prompt and faithful payment and performance when due of each and all of the Obligations.

3. This is a continuing guaranty relating to the Obligations. Guarantor acknowledges that there is a continuing consideration to Guarantor for this Guaranty and therefore Guarantor waives and relinquishes the right to revoke or terminate this Guaranty as provided in California Civil Code Section 2815.

4. Any of the Obligations may be amended, modified, waived, or increased (whether or not beyond any dollar limitation hereunder), further agreements may be entered into between Company and Applicant, Company may provide additional goods or services or credit to Applicant or increase or decrease the dollar value of such goods, services or credit, and further obligations (including, without limitation, the provision or pledging of security to Company for any obligation), indebtedness and liabilities may be entered into or incurred from time to time by Applicant and without further authorization from or notice to Guarantor and no such action shall terminate, release, impair, reduce, discharge, diminish or in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse or defense against Company. Company need not inquire into the power of Applicant or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf.

5. With respect to all Obligations, this is a guaranty of payment and performance and not of collection, and Guarantor waives and agrees not to assert or take advantage of:

   (a) any right to require Company to proceed against Applicant or any other person or to resort to, proceed against or exhaust any security held by it at any time or to pursue any other remedy in its power before proceeding against any Guarantor;
demand, presentment, protest and notice of any kind including, without
limiting the generality of the foregoing, notice of nonperformance, protest, dishonor and
acceptance of this Guaranty, notice under Section 9611 of the California Commercial Code, and
notice of the existence, creation or incurring of any new or additional indebtedness or obligation
or of any action or non-action on the part of Applicant, Company, a guarantor under this or any
other instrument, or creditor of Applicant or any other person whomsoever, in connection with
any of the Obligations or any collateral for any of the Obligations or in connection with any of
the Obligations; and

(c) any suretyship defenses and suretyship rights of every nature otherwise
available under California law and the laws of any other state or jurisdiction, including, without
limitation, all defenses and rights arising under Sections 2787 through 2855 of the California
Civil Code (the “Suretyship Provisions”) and any successor provisions to those Sections.
Without limiting the generality of the foregoing, Guarantor acknowledges his, her or its
understanding that the Suretyship Provisions provide various partial or complete defenses to the
recovery by Company from Guarantor and/or grant Guarantor rights the enforcement of which
could reduce or eliminate entirely Guarantor’s liability hereunder to Company. Among the
defenses and rights contained in the Suretyship Provisions are the following: (1) Section 2809 of
the Civil Code, which provides, in part, that the obligation of a surety must not be either larger in
amount or in other respects more burdensome than that of the principal; (2) Section 2810 of the
Civil Code, which provides, in part, that a surety is not liable if for any reason other than the
mere personal disability of the principal there is no liability upon the part of the principal at the
time of execution of the contract, or the liability of the principal thereafter ceases; (3) Section
2819 of the Civil Code, which provides, in part, that a surety is exonerated if the creditor alters
the original obligation of the principal without the consent of the surety; (4) Section 2845 of the
Civil Code, which provides, in part, that a surety is exonerated to the extent that the creditor fails
to proceed against the principal, or to pursue any other remedy in the creditor’s power which the
surety cannot pursue and which would lighten the surety’s burden; (5) Section 2846 of the Civil
Code, which provides that a surety may compel his principal to perform the obligation when due;
(6) Section 2847 of the Civil Code, which provides, in part, that if a surety satisfies the principal
obligation, or any part thereof, the principal is obligated to reimburse the surety for the amounts
paid by the surety; (7) Section 2848 of the Civil Code, which provides, in part, that a surety,
upon satisfaction of the obligation of the principal is entitled to enforce remedies which the
creditor then has against the principal; (8) Section 2849 of the Civil Code, which provides, in
part, that a surety is entitled to the benefit of security held by the creditor for the performance of
the principal obligation held by the creditor; (9) Section 2850 of the Civil Code, which provides,
in part, that whenever the property of a surety is hypothecated with property of the principal, the
surety is entitled to have the property of the principal first applied to the discharge of the
obligation; and (10) Section 2822 of the Civil Code, which provides, in part, for a right to have
the principal designate the portion of any obligation to be satisfied by the surety in the event that
the principal provides partial satisfaction of such obligation.

6. All existing and future indebtedness of Applicant to Guarantor (“Intercompany
Obligations”) is subordinated to all Obligations hereby guaranteed. All of Guarantor’s right, title
and interest in and to the Intercompany Obligations and rights to receive any payments of the
Intercompany Obligations are hereby granted and assigned to Company as continuing security
for the Obligations hereby guaranteed, and, in the event of any default in the payment of any of
the Obligations when due and until the Obligations guaranteed hereby have been paid in full (a) at the Company’s request, Applicant shall forthwith pay to the Company all or any part of such Intercompany Obligations and any capital which Guarantor is entitled to withdraw until all of the Obligations guaranteed hereby have been paid in full, and (b) Guarantor shall pay to Company immediately any payments of such Intercompany Obligations received by Guarantor.

7. Guarantor agrees to pay all attorneys’ fees (including without limitation, reasonably allocated fees of in-house counsel) and all other costs and expenses which may be incurred by Company in the enforcement of this Guaranty against Guarantor.

8. This Guaranty is not assignable by Guarantor without Company’s consent. This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and permitted (if any) assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California, without reference to its choice of law provisions. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor’s property with respect to this Guaranty may be brought in the courts of the State of California in the County of San Diego or the courts of the United States in the County of San Diego, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts. Guarantor hereby irrevocably appoints the Secretary of State of the State of California as his, her or its agent for service of process in any suit or proceeding if the Guarantor is located outside the State of California at the time of service or cannot reasonably be located by Company. The foregoing, however, shall not limit the right of Company as it may elect to bring any legal action or proceeding or to obtain execution of judgment in any other appropriate jurisdiction including but not limited to any other jurisdiction in which Guarantor or his, her or its property is located.

10. Except as provided in any other written agreement now or at any time hereafter in force between Company and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Company unless expressed herein.

11. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and shall be given personally, by certified or registered mail, postage prepaid, return receipt requested, or by reliable overnight courier to the address of the Company set forth below (or to such new address as Company may designate hereafter in a notice to Guarantor) in the case of a communication to the Company and to the address appearing next to Guarantor’s signature on this Guaranty (or to such new address as Guarantor may designate hereafter in a notice to Company) in the case of a communication to Guarantor.
Any notice served personally shall be deemed delivered upon receipt, and any notice served by certified or registered mail or by reliable overnight courier shall be deemed delivered on the date of receipt as shown on the addressee’s registry or certification of receipt or on the date receipt is refused as shown on the records or manifest of the U.S. Postal Service or such courier.

San Diego Gas and Electric Company
555 W. Fifth Street
Attn: Major Markets 10E3, Credit Manager
Los Angeles, CA  90013
Fax No.: (213) 244-8316

12. Until all of the Obligations guaranteed hereby have been satisfied in full, Guarantor shall have no right of subrogation or reimbursement from the Applicant which Guarantor may have as a result of any payment by Guarantor under this Guaranty, and waives any right to enforce any remedy which Company now has or may hereafter have against the Applicant as a result of such payment by Guarantor under this Guaranty and waives any right under section 2849 of the California Civil Code and any other benefit of or right to participate in any security now or hereafter held by Company.

13. All amounts payable by Guarantor hereunder shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever unless and to the extent that Guarantor shall be prohibited by law from doing so, in which case Guarantor shall pay to Company such additional amount as shall be necessary to ensure that Company receives the full amount it would have received if no such deduction or withholding had been made.

14. If any portion of this Guaranty is held to be unenforceable by a court of competent jurisdiction, the remainder of this Guaranty shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty on [MONTH AND DAY], 2009. [MONTH AND DAY], [YEAR].

GUARANTOR: [NAME OF GUARANTOR]
[NAME OF GUARANTOR]

__________________________
Signature

__________________________
Title

__________________________
Printed Name of Person Signing for Guarantor
Guarantor’s Address

City, State, Zip

Guarantor’s Phone No.
COMMERCIAL OPERATION CERTIFICATE

[For existing facilities: Delete]

The undersigned, ___________ (“EPC Contractor”), __________ (“[_____] Supplier”),
________ (“Licensed Professional Engineer”) and [______________] (“Owner”) make the
following certifications to San Diego Gas & Electric Company (“SDG&E”), dated as of
__________________. All capitalized terms not otherwise defined herein shall have the
meaning given to them in the SalePower Purchase Agreement dated ________ between Owner
and SDG&E (the “Agreement”).

[Major Generation Equipment] Supplier hereby certifies that:

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

2. The Warranty Period under the Warranty Agreement (“Warranty Agreement””) dated as
   of _______________, by and between [_________] Supplier and Owner has commenced.

EPC Contractor hereby certifies that:

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

Owner hereby certifies that:

1. Except for punch list items that would not materially affect the performance, reliability or
   safe operation of the Project, the Project has been completed in accordance with all
   applicable specifications and is ready for continuous commercial operation in compliance
   with all applicable laws and governmental approvals. The Project has successfully
   passed all performance tests at a level that demonstrates satisfaction of at least the [insert
   minimum performance guarantees], and complete test reports have been submitted to
   Buyer.

2. The Operation and Maintenance Agreement (O&M Agreement), by and between Owner
   and ________________ dated as of ________________ has commenced.
3. Owner has a valid leasehold or real property interest in the Project Site for a term of at least [___] years from the Commercial Operation date.

4. The interconnection facilities have been completed in accordance with applicable specifications, tariffs, laws and governmental approvals to enable power generated by the Project to be received at the Delivery Point.

5. Owner has obtained all governmental approvals necessary for the continuous commercial operation of the Project and the Project is in compliance with all such governmental approvals and all other applicable laws.

Licensed Professional Engineer certifies that:

1. We have read the Agreement, the [___________] Supply Contract, and the EPC Contract and we understand the requirements for Commercial Operation under the Agreement, the specifications and performance testing requirements under the [___________] Supply Contract, and the requirements for [Commercial Operation/Substantial Completion] under the EPC Contract.

2. We have reviewed the material and data made available to us by the Owner, the [_________] Supplier, and the EPC Contractor for the Project.

3. To the extent practical, we have reviewed the engineering, procurement, construction and performance testing for the Project and in the course of this review we have not discovered any material errors or omissions in the work performed to date.

4. We have reviewed the certificates of Owner, [_________] Supplier, and EPC Contractor above, and find the representations provided to be correct in all material respects.

5. We have reviewed all Governmental Approvals and permits identified by the Owner as being required for the construction and operation of the Project and are of the opinion that the Project as completed is in compliance in all material respects with the environmental and technical requirements contained therein.

6. Based on our review of the aforementioned information and of information provided to us by others which we have not independently verified, we are of the opinion that, as of Commercial Operation has occurred as defined in the Agreement.
Executed this ___ day of ___, 200_

[__________] SUPPLIER
[Name of [__________] Supplier]
a ____________ corporation

By: __________________________
    Name:
    Title:

EPC CONTRACTOR
[Name of EPC Contractor]
a ____________ corporation

By: __________________________
    Name:
    Title:

OWNER
[Name of Owner]
a ______ limited liability company

By: __________________________
    Name:
    Title:

LICENSED PROFESSIONAL ENGINEER:
[Name of Licensed Professional Engineer]
a __________

By: __________________________
    Name:
    Title:

ACCEPTED BY SAN DIEGO GAS & ELECTRIC COMPANY

By: __________________________
    Name:
    Title:
    Date: ________________________
FORM OF QUARTERLY PROGRESS REPORT

Quarterly Progress Report of

[_______________]

(“Seller”)

provided to
San Diego Gas & Electric Company

[Date]
Table of Contents

[Insert Table of Contents]
1.0 Instructions.

All capitalized terms used in this report shall have the meanings set forth below and any capitalized terms used in this report which are not defined below shall have the meanings ascribed thereto in the Power Purchase and Sale Agreement by and between __________ (“Seller”) and San Diego Gas & Electric Company dated ________, ____ (the “Agreement”).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.1 State and/or federal Governmental Approvals.

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

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<th>DESCRIPTION</th>
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3.2 Local and/or county Governmental Approvals.

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

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3.3 Permitting activities which occurred during the previous calendar quarter.

Please list all permitting activities which occurred during the previous calendar quarter.
3.4 **Permitting activities occurring during the current calendar quarter.**

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

3.5 **Permitting Notices received from EPC Contractor.**

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

4.0 **Design Activities.**

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

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

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>CONTRACTOR/SUBCONTRACTOR</th>
<th>SCHEDULED COMPLETION DATE</th>
<th>ACTUAL COMPLETION DATE</th>
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</table>

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

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

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

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

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

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

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<thead>
<tr>
<th>ACTIVITY</th>
<th>CONTRACTOR/SUBCONTRACTOR</th>
<th>SCHEDULED COMPLETION DATE</th>
<th>ACTUAL COMPLETION DATE</th>
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5.2 Engineering activities to be performed during the current calendar quarter.

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

5.3 Engineering activities completed during the previous calendar month.

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

5.4 Three-month look-ahead engineering schedule.

Please provide a three-month look ahead engineering schedule.

6.0 Major Equipment Procurement.

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

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

<table>
<thead>
<tr>
<th>EQUIPMENT DESCRIPTION</th>
<th>MANUFACTURER</th>
<th>MODEL</th>
<th>CONTRACTED DELIVERY DATE</th>
<th>ACTUAL DELIVERY DATE</th>
<th>PROJECTED INSTALLATION DATE</th>
<th>ACTUAL INSTALLATION DATE</th>
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</table>
6.2 **Major Equipment procurement activities to be performed during the current calendar quarter.**

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

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

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

7.0 **Construction Activities.**

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

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

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>CONTRACTOR/ SUBCONTRACTOR</th>
<th>SCHEDULED COMPLETION DATE</th>
<th>ACTUAL COMPLETION DATE</th>
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<tr>
<td>Civil Progress</td>
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<td>Structural Progress</td>
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<td>[Steam] Generator Progress</td>
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<td>Piping Progress</td>
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<tr>
<td>IC and Electrical Progress</td>
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<tr>
<td>Subcontractor Progress</td>
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</table>

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

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

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

7.4 EPC Contractor Monthly Progress Report.

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

7.5 Three-month look-ahead construction schedule.

Please provide a three-month look ahead construction schedule.

8.0 Milestones.

8.1 Milestone schedule.

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

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

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

8.2.1 Missed Milestone

8.2.2 Plans to achieve missed Milestone

8.2.3 Plans to achieve subsequent Milestone

8.2.4 Delays in engineering schedule

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

8.2.5 Delays in Major Equipment procurement

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

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

9.0 Safety and Health Reports

9.1 Please list all accidents from the previous calendar quarter:

9.2 Any work stoppage from the previous calendar quarter:

9.3 Work stoppage impact on construction of the Project:

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

By: __________________________

Name: _________________________

Title: __________________________

Date: __________________________
RPS Project Development Status Report

Project Name
Date

Date of Latest Construction Progress Report from Counterparty:

Project Owner/Counterparty:

Technology:

Capacity (MW): Annual Energy (GWh/year):

On-Line Date: Term/Duration (years):

Construction Start Date: Point of Delivery:

Location:

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

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Status</th>
<th>Initial Completion Date</th>
<th>Projected Completion Date</th>
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<tbody>
<tr>
<td>Fuel/Resource Supply:</td>
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<td>Financing:</td>
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<td>Corporate Financing</td>
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<td>Project Financing</td>
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<td>Site Control (100%):</td>
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<td>Permitting:</td>
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<td>Major Equipment Procurement:</td>
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<td>Construction:</td>
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<td>Startup Testing and Commissioning:</td>
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<tr>
<td>Transmission:</td>
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Transmission - Detail (see Section C)
- Dependent Transmission Upgrade(s):
- Scheduled Completion:
- Point of Interconnection:
- Early Interconnection:
- Gen-Tie Length:
- Gen-Tie Voltage:
- ISO Queue Position:
- Feasibility Study (FS):
- System Impact Study (SIS):
- Facilities Study (FAS):

Remedial Action Plan:

Additional Comments:

Date of Preparation:
OUTAGE NOTIFICATION FORM

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

<table>
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<tr>
<th>Request Type:</th>
<th>Previous Notification (if applicable)</th>
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<td>Date Sent: mm/dd/yyyy Time Sent: hh:mm</td>
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<table>
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<th>Location Code:</th>
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<tbody>
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<td>Address:</td>
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<tr>
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<th>Phone Number:</th>
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<table>
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<th>Alternate Number:</th>
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<td>Email:</td>
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</table>

**System** (Select One)

- ☐ Boiler  
  Codes 0010-1999  
- ☐ Balance of Plant  
  Codes 3110-3999  
- ☐ Steam Turbine  
  Codes 4000-4499  
- ☐ Generator  
  Codes 4500-4899  
- ☐ Pollution Control Equipment  
  Codes 8000-8835  
- ☐ External  
  Codes 9000-9040  
- ☐ Regulatory, Safety, Environmental  
  Codes 9504-9720  
- ☐ Others  
  Codes 9900-9999

**Cause Code Ranges / Affected Component**

(Select One)

<table>
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<tr>
<th>Cause Code / Component Problem</th>
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<td>(Select One)</td>
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**Comments**

________________________________________
________________________________________
________________________________________
________________________________________
2010 RPS PROCUREMENT PLAN

FEED-IN TARIFF
This Renewable Power Purchase and Interconnection Agreement ("Agreement") is entered into by and between:

Producer’s Name ("Producer"), a Public Water or Wastewater Agency, and
San Diego Gas & Electric Company ("SDG&E"), a California corporation.

Producer and SDG&E are sometimes also referred to in this Agreement jointly as “Parties” or individually as “Party.” All capitalized terms not defined herein shall have the meanings ascribed to them in Section 14.5.

1. RECITALS.

1.1 This Agreement provides for Producer to Interconnect and Operate a Generating Facility in parallel with SDG&E’s Distribution System. This Agreement requires Producer to be a retail customer and to obtain retail electric service from SDG&E to serve all the electrical loads, except as otherwise permitted under SDG&E’s tariffs, at the Premises identified in Section 2.3. This Agreement also provides for Producer to sell energy, net of Station Use, produced by the Generating Facility directly to SDG&E provided the Generating Facility satisfies the Eligible Renewable Resource Facility Requirements and the California Renewables Portfolio Standard requirements as set forth in Appendix C and the Qualifying Facility Requirements set forth in Appendix D. This Agreement does not constitute an agreement by SDG&E to provide retail electrical service to Producer. Such arrangements must be made separately between SDG&E and Producer.

1.2 In consideration of the mutual promises and obligations stated in this Agreement and its attachments, the Parties agree as follows:

2. SUMMARY AND DESCRIPTION OF GENERATING FACILITY

2.1 A description of the Generating Facility, including a summary of its significant components, a drawing showing the general arrangement of the Producer’s Generating Facility, and a single-line diagram illustrating the Interconnection of the Generating Facility and loads with SDG&E’s Distribution System, is attached hereto and incorporated herein as Appendix A.

2.2 Generating Facility identification (ID) number: _________ (Assigned by SDG&E)

2.3 Name and address used by SDG&E to locate the electric Service Account(s) and Premises used to Interconnect the Generating Facility with SDG&E’s Distribution System:

Service Account

2.4 The Gross Nameplate Rating of the Generating Facility is: _________kW

2.5 The Net Nameplate Rating of the Generating Facility is: _________kW
(Total kW may not exceed 1,500 kW)

Producer shall not modify the Generating Facility without the prior written consent of SDG&E.
2.6 The maximum (instantaneous) level of power that may be exported by the Generating Facility to SDG&E’s Distribution System is expected to be: _______ kW

2.7 The annual energy production of the Generating Facility is expected to be: _____ kWh

2.8 The annual energy exported through the Point of Common Coupling from the Producer’s Premises is expected to be ______ kWh.

2.9 The Generating Facility’s expected date of Initial Operation is _______________. The actual date of Initial Operation shall be as stated in the Initial Operation Date Confirmation Letter, the form of which is attached hereto as Appendix I.

2.10 Producer hereby represents and warrants as of the actual Initial Delivery date as stated in Appendix I and throughout the Term that the Generating Facility and the electric energy purchased by SDG&E:

(a) Does meet with the requirements for “Eligible Renewable Resource” as such term is used in Section 399.11 et seq. of the California Public Utilities Code;

(b) Does meet with the requirements California Renewable Portfolio Standard;

(c) Has not obtained additional compensation or other benefits pursuant to the Self-Generation Incentive Program, as defined in CPUC Decision 01-03-073, the California Solar Initiative, as defined in CPUC Decision 06-01-024, SDG&E’s net metering tariff, or other California ratepayer programs with respect to the Generating Facility; and


3. DOCUMENTS INCLUDED; DEFINED TERMS

This Agreement includes the following exhibits, which are specifically incorporated herein and made a part of this Agreement.

Appendix A - Description of Generating Facility and Single-Line Diagram (Supplied by Producer)

Appendix B - A copy of Special Facilities Agreement, if applicable (Supplied by SDG&E)

Appendix C - Producer’s warranty that the Generating Facility meets with the requirements for “Eligible Renewable Resource” as defined in Section 399.11 et seq. of the California Public Utilities Code and the output meets with the requirements of the California Renewable Portfolio Standard.

Appendix D - Producer’s warranty that the Generating Facility, prior to January 1, 2002, met and continues to meet with the requirements for a small power producer Qualifying Facility pursuant to the regulations of the Federal Energy Regulatory Commission (18 Code of Federal Regulations Part 292, Section 292.203 et
4. TERM AND TERMINATION

4.1 This Agreement shall become effective on the Effective Date. The Agreement shall continue in full force and effect until the earliest date that one of the following events occurs:

(a) A termination date agreed to in writing by the Parties.

(b) Unless otherwise agreed in writing by the Parties, at 12:01 A.M. on the day following the date the electric Service Account through which Producer’s Generating Facility is interconnected to SDG&E’s Distribution System is closed or terminated.

(c) At 12:01 A.M. on the day following the completion of: (check one)  
   ☐ 10 / ☐ 15 / ☐ 20 Term Years from actual Initial Operation stated in Appendix I.

4.2 SDG&E may elect to terminate this Agreement at 12:01 A.M. on the 61st day after SDG&E provides written Notice pursuant to Section 10 of this Agreement to the Producer of SDG&E’s intent to terminate this Agreement for one or more of the following reasons:

(a) A change in applicable Tariffs as approved or directed by the Commission or a change in any local, state or federal law, statute or regulation, any of which materially alters or otherwise materially affects SDG&E’s ability or obligation to perform SDG&E’s duties under this Agreement;

(b) Producer fails to remain a Public Water or Wastewater Agency;

(c) Producer fails to take all corrective actions specified in any SDG&E Notice, within the time frame set forth in such Notice, that Producer’s Generating Facility is out of compliance with the terms of this Agreement;

(d) Producer fails to Interconnect and Operate the Generating Facility, in accordance with the terms and conditions set forth in this Agreement, on or before eighteen (18) months after the Effective Date if the Parties are unable to reach agreement as to a reasonable amendment to this Agreement after cooperating to do so;

(e) Producer abandons the Generating Facility. SDG&E shall deem the Generating Facility to be abandoned if SDG&E provides a Notice to Producer advising Producer of SDG&E’s determination, in its reasonable discretion, that the Generating Facility is non-operational and Producer does not provide a substantive response to such Notice affirming Producer’s intent and ability to continue to Operate the Generating Facility within 15 days of such Notice; or
(f) Producer has not sold or delivered energy from the Generating Facility for any twelve (12) consecutive months of the Term.

4.3 Any agreements attached hereto and incorporated herein shall terminate concurrently with this Agreement unless the Parties have agreed otherwise in writing.

5. GENERATING FACILITY OPERATION

5.1 Producer is responsible for Operating the Generating Facility in compliance with all of SDG&E Tariffs, including but not limited to Rule 21, and any other regulations and laws governing the Interconnection of the Generating Facility.

5.2 The Generating Facility Net Nameplate Rating shall be less than or equal to 1,500 kW.

5.3 Producer shall not deliver reactive power to SDG&E's Distribution System unless the Parties have otherwise agreed in writing.

5.4 The Generating Facility shall be operated with all of Producer's Protective Functions in service and in accordance with Prudent Electrical Practices whenever the Generating Facility is operated in parallel with SDG&E's Distribution System. Any deviation from these requirements may occur only when the Parties have agreed to such deviations in writing.

5.5 For a Generating Facility having a Net Nameplate Rating equal to or greater than 500 kW, the Parties shall comply with the forecasting provisions of Appendix E.

5.6 SDG&E shall have ingress and egress rights to examine the Site and Generating Facility for purposes connected with this Agreement.

6. BILLING AND PAYMENT

6.1 The amount of energy purchased under this Agreement shall be determined by electrical meters and equipment owned, Operated, and maintained by SDG&E.

6.2 The Product Price during the Term, as set forth in Appendix H, shall equal the Market Price Referent ("MPR") as determined on or before the Effective Date by the Commission applicable to the calendar year that the Generating Facility achieves Initial Operation.

6.3 Producer agrees to sell the electric energy produced by the Generating Facility as specified below together with all Green Attributes, Capacity Attributes and Resource Adequacy Benefits (collectively, the "Attributes") associated with the energy sold to SDG&E:

   ☑ Option A (Full Buy/Sell) Producer agrees to sell all of the electrical energy produced from the Generating Facility, net of Station Use, as measured by the Net Generation Output Meter as shown in Appendix A.

   ☑ Option B (Sale of Excess) Producer agrees to sell all of the energy produced, net of Station Use, in excess of the Producer's load at the Service Account(s) listed in Section 2.2 as such excess is measured by SDG&E at the Point of Common Coupling.
6.4 SDG&E shall pay Producer for all Attributes and electrical energy (as specified as Option A or Option B above) at the Product Price during the Term (and not prior to the actual Initial Operation date) generated by the Generating Facility as defined in SDG&E’s Rule 21 and located as shown on the Single-Line Diagram of Appendix A.

6.5 For the purpose of calculating monthly payments, the amount measured shall be time-differentiated according to the time period and season of the receipt of Product by SDG&E (the “TOD Periods”) and the pricing shall be weighted by the Factors set forth in Appendix G.

As set forth in Appendix G, TOD Periods for the winter and summer season shall be on-peak, semi-peak and off-peak.

The monthly payment shall equal the sum of the monthly TOD Period payments for all TOD Periods in the month. Each monthly TOD Period payment shall be calculated pursuant to the following formula, where “n” is the TOD Period being calculated:

\[ \text{TOD PERIOD}_n \text{ PAYMENT} = A \times B \times C \]

Where:

- \( A \) = Product Price specified in Appendix H in $/kWh.
- \( B \) = TOD Factor, set forth in Appendix G, for the TOD Period being calculated.
- \( C \) = The sum of energy measured in accordance with Option A or Option B in all hours for the TOD Period being calculated in kWh.

6.6 For Option A only, Producer shall continue to purchase from SDG&E all energy used by Producer at the applicable SDG&E retail tariff rate schedule(s). SDG&E shall adjust the energy and demand amounts recorded by the SDG&E billing meter at the Point of Common Coupling, as defined in SDG&E’s Rule 21 to include the net generation output amounts measured by the Net Generation Output Meter for purposes of billing the Producer.

6.7 SDG&E shall determine the amount of energy received by SDG&E pursuant to this Agreement for each monthly period and provide a statement to Producer approximately thirty (30) days after each monthly meter reading date.

6.8 SDG&E shall not be obligated to issue a payment to Producer until the amount due for the Product received pursuant to this Agreement exceeds one thousand dollars ($1000), except that SDG&E shall pay all amounts due to Producer pursuant to this Agreement at least once per calendar year no later than 30 days after the end of the calendar year.

6.9 Unless otherwise agreed in writing by the Parties, any payment due for Product received under this Agreement shall be satisfied by SDG&E issuing a check to Producer. Alternatively, SDG&E reserves the right, but shall not be obligated to apply any amount owed to Producer toward any amounts due to SDG&E from Producer for any charges incurred under this Agreement or for past due bills for electric service or for SDG&E services.

6.10 In the event adjustments to SDG&E’s payments are required as a result of inaccurate metering equipment, SDG&E shall determine the correct amount of energy received under this Agreement during the period of inaccuracy and recompute the amount due to or from Producer. Any refund due and payable to
6.10 (Continued)
SDG&E or due by SDG&E to Producer resulting from inaccurate metering shall be made within thirty (30) calendar days of SDG&E’s Notice to Producer by SDG&E of the amount due.

6.11 All charges, if any, associated with Interconnection Facilities shall be billed and paid pursuant to the applicable Special Facilities Agreement in Appendix B and all charges, if any, associated with electric service provided by SDG&E shall be billed and paid pursuant to the applicable Tariffs filed by SDG&E with the Commission.

7. INTERCONNECTION FACILITIES

7.1 Producer and/or SDG&E, as appropriate, shall provide Interconnection Facilities that adequately protect SDG&E’s Distribution System, personnel, and other persons from damage or injury, which may be caused by the Operation of Producer’s Generating Facility.

7.2 Producer shall be solely responsible for the costs, design, purchase, construction, operation, and maintenance of the Interconnection Facilities that Producer owns.

7.3 If the provisions of SDG&E’s Rule 21, or any other Tariff approved by the Commission, require SDG&E to own and operate a portion of the Interconnection Facilities, Producer and SDG&E shall promptly execute a Special Facilities Agreement that establishes and allocates responsibility for the design, installation, operation, maintenance, and ownership of the Interconnection Facilities. The Special Facilities Agreement shall be attached to and made a part of this Agreement as Appendix B.

8. LIMITATION OF LIABILITY

Each Party’s liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney’s fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever.

Notwithstanding the foregoing, as between SDG&E and Producer, Producer shall be solely responsible for and Producer shall indemnify, defend and hold SDG&E, and its current and future parent company, subsidiaries, affiliates and their respective directors, officers, shareholders, employees, agents, representatives, successors and assigns harmless from and against any and all claims, actions, suits, proceedings, losses, liabilities, penalties, fines, damages, cost or expenses including without limitation, reasonable attorneys fees (including fees and disbursements of in-house and outside counsel) of any kind whatsoever resulting from (a) injuries to or death of any and all individuals, including, without limitation, members of the general public, or any employee, agent, independent contractor or consultant or affiliate of either SDG&E or Producer, arising out of or connected in any manner with Producer’s performance hereunder, or (b) damage to and/or destruction of property of SDG&E or Producer arising out of or connected in any manner with Producer’s performance hereunder, or (c) third party claims of any kind, whether based on negligence, strict liability, or otherwise, arising out of or connected in any manner to Producer’s or any of its subcontractors acts or omissions in breach of this Agreement. This indemnification obligation shall not apply to the extent that injuries, death, loss, damage or destruction is caused by either the willful misconduct by SDG&E or SDG&E’s sole negligence.
9. INSURANCE

9.1 In connection with Producer’s performance of its duties and obligations under this Agreement, Producer shall maintain, during the term of this Agreement, general liability insurance with a combined single limit of not less than:

(a) Two million dollars ($2,000,000) for each occurrence if the Gross Nameplate Rating of Producer’s Generating Facility is greater than one hundred (100) kW;

(b) One million dollars ($1,000,000) for each occurrence if the Gross Nameplate Rating of Producer’s Generating Facility is greater than twenty (20) kW and less than or equal to one hundred (100) kW; and

(c) Five hundred thousand dollars ($500,000) for each occurrence if the Gross Nameplate Rating of Producer’s Generating Facility is twenty (20) kW or less.

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

9.2 The general liability insurance required in Section 9.1 shall, by endorsement to the policy or policies, (a) include SDG&E as an additional insured; (b) contain a severability of interest clause or cross-liability clause; (c) provide that SDG&E shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for payment of premium for such insurance; and (d) provide for thirty (30) calendar days’ written notice to SDG&E prior to cancellation, termination, alteration, or material change of such insurance.

9.3 Evidence of the insurance required in Section 9.2 shall state that coverage provided is primary and is not in excess to or contributing with any insurance or self-insurance maintained by SDG&E.

9.4 Producer agrees to furnish the required certificates and endorsements to SDG&E prior to actual Initial Operation. SDG&E shall have the right to inspect or obtain a copy of the original policy or policies of insurance.

9.5 If Producer is self-insured with an established record of self-insurance, Producer may comply with the following in lieu of Sections 9.1 through 9.3:

(a) Producer shall provide to SDG&E, at least thirty (30) calendar days prior to the date of actual Initial Operation, evidence of an acceptable plan to self-insure to a level of coverage equivalent to that required under Section 9.1.

(b) If Producer ceases to self-insure to the level required hereunder, or if Producer is unable to provide continuing evidence of Producer’s ability to self-insure, Producer agrees to immediately obtain the coverage required under Section 9.1.

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

10.1 Any written notice, demand, or request required or authorized in connection with this Agreement (“Notice”) shall be deemed properly given if delivered in person or sent by first class mail, postage prepaid, to the person specified below:

If to SDG&E: San Diego Gas & Electric Company
Attention: Director, Procurement and Portfolio Design
Address: 8315 Century Park Court, CP21D
City: San Diego, CA 92123
Phone: (800) 411-SDGE
FAX: 858-650-6191

If to Producer: Producer Name: ______________
Address: __________________
City: __________________
Phone: (   ) ________
FAX: (   ) ________

10.2 A Party may change its address for Notices at any time by providing the other Party Notice of the change in accordance with Section 10.1.

10.3 All Notices must reference the Generating Facility identification number set forth in Section 2.2.

10.4 Notices (other than forecasts and schedules) shall, unless otherwise specified herein, be in writing and may be delivered in person, United States mail or overnight courier service.

10.5 Notice by hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day, unless a different date for the Notice to go into effect is stated in another section of this Agreement.

10.6 Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent.

10.7 The Parties may also designate operating representatives to conduct the daily communications, which may be necessary or convenient for the administration of this Agreement. Such designations, including names, addresses, and phone numbers, may be communicated or revised by Notice provided in accordance herewith.

11. REVIEW OF RECORDS AND DATA

11.1 SDG&E shall have the right to review and obtain copies of Producer’s operations and maintenance records, logs, or other information such as, but not limited to, unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to Producer’s Generating Facility or its Interconnection with SDG&E’s Distribution System.
11.2 Producer authorizes SDG&E to release to the CEC and/or the Commission information regarding the Generating Facility, including the Producer’s name and location, and the size, location and operational characteristics of the Generating Facility, the Term, the ERR type, the actual Initial Operation Date, estimated annual deliveries, delivery point, and the Net Nameplate Rating of the Generating Facility, as requested from time to time pursuant to the CEC’s or Commission’s rules and regulations.

12. ASSIGNMENT

Producer shall not voluntarily assign its rights nor delegate its duties under this Agreement without SDG&E’s prior written consent. Any assignment or delegation Producer makes without SDG&E’s written consent shall not be valid. SDG&E shall not unreasonably withhold its consent to Producer’s assignment of this Agreement.

13. NON-WAIVER

None of the provisions of this Agreement shall be considered waived by a Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

14. GOVERNING LAW, WAIVER OF JURY TRIAL, JURISDICTION OF COMMISSION, INCLUSION OF SDG&E’s TARIFF RATE SCHEDULES, DEFINED TERMS

14.1 This Agreement shall be interpreted, governed, and construed under the laws of the State of California as if executed and to be performed wholly within the State of California without giving effect to choice of law provisions that might apply to the law of a different jurisdiction. To the extent enforceable at such time, each Party hereby waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement.

14.2 This Agreement shall, at all times, be subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

14.3 The Interconnection and services provided under this Agreement shall at all times be subject to the terms and conditions set forth in the Tariffs applicable to the electric service provided by SDG&E, which tariffs are incorporated by reference into this Agreement.

14.4 Notwithstanding any other provisions of this Agreement, SDG&E shall have the right to unilaterally file with the Commission an application for change in rates, charges, classification, service, Tariffs or any agreement relating thereto; pursuant to the Commission’s rules and regulations.

14.5 When initially capitalized, whether in the singular or in the plural, the terms used herein shall have the meanings assigned to them either in this Agreement, Appendix F; in SDG&E’s Rule 1 or Rule 21, Section H; or SDG&E’s Schedule WATER. If any term is defined in both Rule 1 and Rule 21, the definition in Rule 21 shall prevail. If any term is defined in both Schedule WATER and this Agreement, the definition in Schedule WATER shall prevail.

15. AMENDMENTS AND MODIFICATION

This Agreement can only be amended or modified by a written agreement signed by both Parties.
16. **REGISTRATIONS**

Prior to the date of actual Initial Operation, Producer shall register the Generating Facility (i) in WREGIS and take all other actions necessary to ensure that the energy produced from the Generating Facility is tracked for purposes of satisfying the California Renewables Portfolio Standard requirements, as may be amended or supplemented by the CPUC or CEC from time to time, and (ii) with the California Climate Action Registry as may be required by the PUC.

17. **TITLE AND RISK OF LOSS**

Title to and risk of loss relating to the energy produced from the Generating Facility shall transfer from Producer to SDG&E at the Point of Common Coupling. Producer warrants that it will deliver to SDG&E all Products from the Generating Facility free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Point of Common Coupling.

18. **SURVIVAL**

The obligations under Section 8, 11.2, and 14 shall survive termination of this Agreement.

19. **ENTIRE AGREEMENT**

This Agreement, including any incorporated Tariffs and Rules, contains the entire agreement and understanding between the Parties, their agents, and employees as to the subject matter of this Agreement. Each Party also represents that in entering into this Agreement, it has not relied on any promise, inducement, representation, warranty, agreement or other statement not set forth in this Agreement or in the incorporated Tariffs and Rules.

20. **SIGNATURES**

IN WITNESS WHEREOF, the Parties hereto have caused two originals of this Agreement to be executed by their duly authorized representatives. This Agreement is effective (“Effective Date”) as of the last date set forth below.

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<th>PRODUCER’S NAME</th>
<th>SAN DIEGO GAS &amp; ELECTRIC COMPANY</th>
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APPENDIX A

DESCRIPTION OF GENERATING FACILITY
AND SINGLE-LINE DIAGRAM
(Provided by Producer)
APPENDIX B
(If Applicable)

SPECIAL FACILITIES AGREEMENT
(Provided by SDG&E)
APPENDIX C

PRODUCER’S WARRANTY THAT THE GENERATING FACILITY IS AND WILL CONTINUE TO BE AN “ELIGIBLE RENEWABLE RESOURCE” PURSUANT TO SECTION 399.11 et seq. OF THE CALIFORNIA PUBLIC UTILITIES CODE AND THAT THE OUTPUT WILL COMPLY WITH THE CALIFORNIA RENEWABLE PORTFOLIO STANDARDS (“ERR/RPS Warranty”)

For the purpose of selling power produced by the Generating Facility pursuant to Assembly Bill 1969, under Section 399.20 et seq. of the California Public Utilities Code, Producer hereby declares that the Generating Facility complies with the requirements for “Eligible Renewable Resource” as such term is used in Section 399.11 et seq. of the California Public Utilities Code (“ERR Requirements”) and that the output from the Generating Facility complies with the requirements of the California Renewables Portfolio Standards (“RPS Requirements”).

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the Term of this Agreement, its Generating Facility shall continue to comply with the ERR Requirements and RPS Requirements. If Producer becomes aware that the Generating Facility or its output has ceased to comply with the ERR Requirements or RPS Requirements, Producer shall promptly provide SDG&E with Notice of such change pursuant to Section 10 of the Agreement. If at any time during the Term of this Agreement, SDG&E determines in its reasonable discretion that Producer’s Generating Facility may no longer comply with the ERR Requirements or RPS Requirements, SDG&E may require Producer to provide evidence that the Generating Facility continues to comply with the ERR Requirements and RPS Requirements within 15 business days of SDG&E’s Notice requesting such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect Producer’s Generating Facility and/or require documentation from Producer to monitor the Generating Facility’s compliance with the ERR Requirements and RPS Requirements. If SDG&E determines in its reasonable judgment that Producer either failed to provide evidence in a timely manner or that it provided insufficient evidence that its Generating Facility continues to comply with the ERR Requirements or RPS Requirements, then the Eligible Renewable Resource Status (the “ERR Status”) or Renewables Portfolio Standard Status (the “RPS Status”) of the Generating Facility or its output shall be deemed ineffective until such time as Producer again demonstrates to SDG&E’s reasonable satisfaction that the Generating Facility complies with the requirements for an Eligible Renewable Resource Generation Facility or RPS Requirements (the “ERR/RPS Status Change”).

SDG&E shall revise its records and the administration of this Agreement to reflect the ERR/RPS Status Change and provide Notice to Producer of the ERR/RPS Status Change pursuant to Section 10 of this Agreement. Such Notice shall specify the effective date of the ERR/RPS Status Change. This date shall be the first day of the calendar month for which SDG&E determines in its sole discretion that the Generating Facility first ceased to comply with the ERR Requirements or RPS Requirements. SDG&E’s Notice shall include an invoice for the refund of payments that were made to Producer during the period between the effective date of the ERR/RPS Status Change and the date of the last Notice in reliance upon Producer’s representations that the Generating Facility complied with the ERR Requirements and RPS Requirements and therefore was eligible to sell power to SDG&E as a result of satisfying the ERR Requirements and RPS Requirements.

During the period when the ERR Status or RPS Status is deemed to be ineffective, SDG&E shall not pay Producer for Product. Notwithstanding the foregoing, to the extent a change in law occurs after execution of this Agreement that causes the warranty contained in this appendix to be materially false or misleading, Producer shall not be in default of this Agreement if Producer has used commercially reasonable efforts to comply with such change in law.

Any amounts to be paid or refunded by Producer, as may be invoiced by SDG&E pursuant to the terms of this ERR/RPS Warranty, shall be paid to SDG&E within 30 days of Producer’s receipt of such invoice.
APPENDIX D

PRODUCER’S WARRANTY THAT THE GENERATING FACILITY
WAS AND WILL CONTINUE TO BE A
“QUALIFYING FACILITY” PURSUANT TO THE POLICIES AND PRACTICES OF
THE FEDERAL ENERGY REGULATORY COMMISSION (“QF Warranty”)

For the purpose of selling power produced by the Generating Facility pursuant to Assembly Bill
1969, under Section 399.20 et seq. of the California Public Utilities Code, Producer hereby declares
that the Generating Facility prior to January 1, 2002 complied with the requirements and for the
Term of this Agreement shall continue to comply with the requirements for a Small Power Producer
“Qualifying Facility” as such term is used in 18 Code of Federal Regulations Part 292, Section
292.203 et seq. implementing the Public Utility Regulatory Policies Act of 1978 as amended by the

Producer warrants that, beginning on the date of Initial Operation and continuing throughout the
Term of this Agreement, the Generating Facility shall continue to comply with such QF
Requirements. If Producer becomes aware that its Generating Facility has ceased to comply with
the QF Requirements, Producer shall promptly provide SDG&E with Notice of such change
pursuant to Section 10 of the Agreement. If at any time during the Term of this Agreement SDG&E
determines in its reasonable discretion that Producer’s Generating Facility may no longer comply
with the QF Requirements, SDG&E may require Producer to provide evidence that the Generating
Facility continues to comply with the QF Requirements within 15 business days of SDG&E’s Notice
requesting such evidence. Additionally, SDG&E may periodically (typically, once per year) inspect
Producer’s Generating Facility and/or require documentation from Producer to monitor the
Generating Facility’s compliance with the QF Requirements. If SDG&E determines in its
reasonable judgment that Producer either failed to provide evidence in a timely manner or that it
provided insufficient evidence that its Generating Facility continues to comply with the QF
Requirements, then the Qualifying Facility Status (the “QF Status”) of the Generating Facility shall
be deemed ineffective until such time as Producer again demonstrates to SDG&E’s reasonable
satisfaction that the Generating Facility complies with the requirements for a Qualifying Facility (the
“QF Status Change”).

SDG&E shall revise its records and the administration of this Agreement to reflect the QF Status
Change and provide Notice to Producer of the QF Status Change pursuant to Section 10 of this
Agreement. Such Notice shall specify the effective date of the QF Status Change. This date shall
be the first day of the calendar month for which SDG&E determines in its sole discretion that the
Generating Facility first ceased to comply with the QF Requirements. SDG&E’s Notice shall
include an invoice for the refund of payments that were made to Producer during the period
between the effective date of the QF Status Change and the date of the last Notice in reliance upon
Producer’s representations that the Generating Facility complied with the QF Requirements and
therefore was eligible to sell power to SDG&E as a result of satisfying the QF Requirements.

During the period when the QF Status is deemed to be ineffective, SDG&E shall not pay Producer
for Product.

Any amounts to be paid or refunded by Producer, as may be invoiced by SDG&E pursuant to the
terms of this QF Warranty, shall be paid to SDG&E within 30 days of Producer’s receipt of such
invoice.
APPENDIX E

Forecast Requirements
for Generating Facilities that have a Net Nameplate Rating greater or equal to 500 kW

1. Introduction.

The Parties shall abide by the Forecast requirements and procedures described below and shall make reasonable changes to these requirements and procedures from time-to-time, as necessary to:

(a) Comply with ISO Tariff changes or Commission orders; and

(b) Accommodate changes to their respective generation technology and organizational structure.

2. Procedures.

(a) Weekly Forecasting Procedures.

(i) Producer’s Forecasting Responsibilities.

Producer must meet all of the following requirements specified below:

(1) Beginning the Wednesday prior to the planned Initial Operation of the Generating Facility, Producer will electronically provide SDG&E with an Energy Forecast for the next calendar week, by no later than 5 PM Wednesday of the week preceding the week covered by the Energy Forecast.

The Energy Forecast submitted to SDG&E shall:

a) Not include any anticipated or expected electric energy losses between the Net Generation Output Meter and the Point of Common Coupling;

b) Be constructed using file formats, templates, and naming conventions agreed to by the Parties.

c) Include Producer’s contact information.

d) Be sent to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.

e) Limit hour-to-hour forecast changes to no less than one hundred (100) kW.

(2) If Producer revises any Energy Forecast submitted pursuant to Item 2(a)(i)(1) the revision in the Energy Forecast shall be communicated by Producer to SDG&E’s Day-Ahead Group no later than 8:30 a.m. the day prior to the effective date of the revision.

Producer shall contact SDG&E’s Day-Ahead Group at:
(3) If Producer revises any Energy Forecast submitted pursuant to Item 2(a)(i)(1) or Item 0 the revision in the Energy Forecast shall be communicated by Producer to SDG&E’s Real-Time Group no later than one half (½) hour prior to the ISO’s Hour-Ahead scheduling deadline.

Producer shall contact SDG&E’s Real-Time Group at:

**Scheduling Desk:**

- Phone: (858) 650-6178
- Backup: (858) 650-6160
- Fax: (858) 650-6191
- Email: presched@semprautilities.com

(b) **30-Day Forecasting Procedures.**

Producer must meet all of the following requirements for Forecasting electric energy to be received by SDG&E from the Producer as specified below.

(i) In addition to the requirements set forth in Item 2(a) above, Producer shall electronically provide SDG&E with a rolling 30-day Energy Forecast, beginning at least thirty (30) days prior to commencement of the Term.

These files shall:

(1) Be constructed using reasonable file formats, templates, and naming conventions agreed to by the Parties.

(2) Include Producer’s contact information.

(3) Be sent to presched@semprautilities.com with a copy to tsched@semprautilities or through SDG&E-provided software, or as otherwise instructed by SDG&E.

(4) Limit hour-to-hour forecast changes to no less than one hundred (100) kW.

(ii) Producer shall update the rolling 30-day hourly forecast weekly by 5:00 PM each Wednesday and send to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.
(iii) If Producer learns of any inaccuracies in its most recently submitted 30-day hourly Energy Forecast affecting the period between the date Producer learns of the inaccuracy and the date that the next updated 30-day hourly Energy Forecast is due, Producer shall promptly send an updated Energy Forecast, to presched@semprautilities.com with a copy to tsched@semprautilities.com or through SDG&E-provided software, or as otherwise instructed by SDG&E.

2. Outage Scheduling Procedures.

Producer shall be responsible for all costs associated with all requirements and timelines for generation outage Scheduling contained in the Producer's otherwise applicable retail Tariff.
APPENDIX F

Definitions

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

1. "Agreement" has the meaning set forth in the Recitals.

2. "Attributes" has the meaning set forth in Section 6.3.

3. "Business Day" means any day except a Saturday, Sunday, a Federal Reserve Bank holiday, or the Friday following Thanksgiving. A Business Day shall begin at 8:00 a.m. and end at 5:00 p.m. local time for the Party sending the Notice or payment or performing a specified action.

4. "California Renewables Portfolio Standard" shall mean the renewable energy program and policies established by Senate Bill 1038 and 1078, as such provisions may be amended or supplemented from time to time.

5. "Capacity Attributes" means any and all current or future defined characteristics, certificates, tag, credits, ancillary service attributes, or accounting constructs, howsoever entitled, including any accounting construct counted toward any resource adequacy requirements, attributed to or associated with the Generating Facility or any unit of generating capacity of the Generating Facility during the Term.


9. "Effective Date" has the meaning set forth in Section 17.

10. "Energy Forecast" has the meaning set forth in Appendix E.

11. "ERR" means a generating facility that qualifies as an eligible renewable electric energy resource for purposes of the RPS Legislation.

12. "ERR Requirements", "ERR Status", "ERR Status Change" and "ERR Warranty" have the meanings set forth in Appendix C.


14. "Forecast", "Forecast Requirements" and "Forecast Procedures" have the meanings set forth in Appendix E.

15. "Generating Facility" means all of Producer’s electric generators, located at the Premises and complying with the requirements of Appendix C and Appendix D for the entire Term of this Agreement, together with all materials, equipment systems, structures, features and improvements necessary to produce electric energy from such electric generator (excluding the Site, land rights and interests in land).
16. “Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Generating Facility and its displacement of conventional energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change or otherwise by law to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions such as Green Tag Reporting Rights. Green Tag Reporting Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser’s discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Generating Facility, (ii) production tax credits associated with the construction or operation of the project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or “tipping fees” that may be paid to Producer to accept certain fuels, or local subsidies received by the generator for the destruction of particular pre-existing pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Generating Facility for compliance with local, state, or federal operating and/or air quality permits. If Producer’s Generating Facility is a biomass or landfill gas facility and Producer receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide SDG&E with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Generating Facility.

17. “Gross Nameplate Rating” means the values, in kW, set forth in Section 2.4.

18. “Governmental Authority” means:
   a) Any federal, state, local, municipal or other government;
   b) Any governmental, regulatory or administrative agency, commission, or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or
   c) Any court or governmental tribunal.


20. “Initial Operation” means the actual date on which the Generating Facility begins Operating, is in compliance with the applicable interconnection and system protection requirements, has met all of the requirements contained herein (i.e. scheduling, insurance, warranties) is able to produce and deliver energy to SDG&E pursuant to the terms of this Agreement.
21. “ISO” means the California Independent System Operator Corporation or successor entity that dispatches certain generating units and loads and controls the transmission facilities of entities that:
   a) Own, operate and maintain transmission lines and associated facilities or have entitlements to use certain transmission lines and associated facilities; and
   b) Have transferred to the ISO or its successor entity operational control of such facilities or entitlements.

22. “ISO Tariff” means the California Independent System Operator Corporation Operating Agreement and Tariff, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

23. “kW” means a kilowatt (1,000 watts) of electric power.

24. “kWh” means a kilowatt-hour (1,000 watt-hours) of electric energy.

25. “Market Price Referent” or “MPR” means the market price referent applicable to this Agreement as determined by the CPUC in accordance with California Public Utilities Code Section 399.15(c) for the Term as set forth in Section 6.2.


28. “Notice” has the meaning set forth in Section 10.1.

29. “Operate,” “Operating” or “Operation” means to provide (or the provision of) all the operation, engineering, purchasing, repair, supervision, training, inspection, testing, protection, use, management, improvement, replacement, refurbishment, retirement, and maintenance activities associated with operating the Generating Facility in accordance with Prudent Electrical Practices.

30. “Party” or “Parties” have the meaning set forth in the Recitals.

31. “Permits” means all applications, approvals, authorizations, consents, filings, licenses, orders, permits or similar requirements imposed by any Governmental Authority, or the ISO, in order to develop, construct, operate, maintain, improve, refurbish and retire the Generating Facility or to schedule and deliver the electric energy produced by the Generating Facility to SDG&E, including the Authority to Construct permit.

Permits include the documentation required by California Public Utilities Code Section 2812(d) 1 for Producers subject to Section 2802 for hydroelectric Renewable Generating Facilities.

32. “Point of Common Coupling” has the meaning set forth in SDG&E’s Rule 21.

33. “Producer” has the meaning set forth in the Recitals.

34. “Product” means:
   a) Electric power and energy purchased by SDG&E; and
b) All associated Green Attributes, Capacity Attributes, and Resource Adequacy Benefits.

35. “Product Price” for this Agreement has the meaning set forth in Section 6.2.

36. “Protective Functions” has the meaning set forth in SDG&E’s Rule 21.

37. “Premises” means all of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil field, resort enterprises, and public or quasi-public institutions, by a dedicated street, highway, or other public thoroughfare, or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served.

38. “Prudent Electrical Practices” means those practices, methods and acts that would be implemented and followed by prudent operators of electric energy generating facilities in the Western United States, similar to the Generating Facility, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with good business practices, reliability and safety.

Prudent Electrical Practices shall include, at a minimum, those professionally responsible practices, methods and acts described in the preceding sentence that comply with manufacturers’ warranties, restrictions in this Agreement, and the requirements of Governmental Authorities, WECC standards, the ISO and applicable laws.

Prudent Electrical Practices shall also include taking reasonable steps to ensure that:

a) Equipment, materials, resources, and supplies, including spare parts inventories, are available to meet the Generating Facility’s needs;

b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Generating Facility properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Generating Facility and emergencies whether caused by events on or off the Site;

c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable, long term and safe operation of the Generating Facility, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;

d) Appropriate monitoring and testing are performed to ensure equipment is functioning as designed;

e) Equipment is not operated in a reckless manner, in violation of manufacturer’s guidelines or in a manner unsafe to workers, the general public, or SDG&E’s electric system or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and
f) Equipment and components designed and manufactured to meet or exceed the standard of durability that is generally used for electric energy generating facilities operating in the Western United States and will function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Site and under both normal and emergency conditions.

39. “Public Water or Wastewater Agency” means an Eligible Public Water Agency or Eligible Wastewater Agency as set forth in SDG&E Tariff Schedule WATER.

40. “QF Requirements”, “QF Status”, “QF Status Change” and “QF Warranty” have the meanings set forth in Appendix D.

41. “Renewable Energy Credit” has the meaning set forth in California Public Utilities Code Section 399.12(g), as may be amended from time to time or is further defined or supplemented by law.

42. “Resource Adequacy Benefits” means the rights and privileges attached to the Generating Facility that satisfy any entity’s resource adequacy obligations, as those obligations are set forth in any Resource Adequacy Rulings and shall include any local, zonal or otherwise locational attributes associated with the Generating Facility.

43. “Resource Adequacy Rulings” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031 and any subsequent CPUC ruling or decision, or any other resource adequacy laws, rules or regulations enacted, adopted or promulgated by any applicable Governmental Authority, as such decisions, rulings, laws, rules or regulations may be amended or modified from time-to-time during the Term.

44. “RPS Legislation” means the State of California Renewable Portfolio Standard Program, as codified at California Public Utilities Code Section 399.11, et seq.

45. “Rule” means Tariff sheets which set forth the application of all rates, charges, and service when such applicability is not set forth in and as part of the rate schedules.

46. “Schedule,” “Scheduled” or “Scheduling” means the action of Producer and SDG&E, or their designated representatives of notifying, requesting, and confirming to each other the Forecast of electric energy from the Generating Facility being received by SDG&E.

47. “Schedule WATER” refers to one or more Tariff sheets setting forth the charges and conditions for a customer taking service from SDG&E under this Tariff who meets the definition of an Eligible Public Water Agency or an Eligible Wastewater Agency who owns and operates an Eligible Renewable Generating Facility, as defined in Schedule WATER. This Tariff is subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

48. “SDG&E” has the meaning set forth in the Recitals.

49. “Site” means the real property on which the Generating Facility is, or will be located, as further described in Appendix A.

50. “Special Facilities Agreement” means that certain agreement between Producer and SDG&E, dated as of _______, and attached hereto as Appendix B.

51. “Station Use” means the electric energy produced by the Generating Facility that is either:
a) Used within the Generating Facility to power the lights, motors, control systems and other electrical loads that are necessary for Operation; or

b) Consumed within the Generating Facility’s electric energy distribution system as losses.

52. “Tariff(s)” mean(s) the entire body of effective rates, rentals, charges, and rules collectively of SDG&E, as set forth herein, and including title page, preliminary statement, service area maps, rate schedules, list of contracts and deviations, Rules, and sample forms.

53. “Term” has the meaning used in Section 4.1(c).

54. “Term Year” means a twelve (12) month period beginning on the first day of the calendar month following Initial Operation and each successive twelve (12) month period thereafter.

55. “TOD Periods” means the time of delivery periods for determination of payments as set forth in Appendix G.

56. “WATER” means Water/Wastewater Agency Tariff for Eligible Renewables the SDG&E Tariff schedule that implements Assembly Bill 1969.

57. “WECC” means the Western Electricity Coordinating Council, the regional reliability council for the Western United States, Southwestern Canada, and Northwestern Mexico.

58. “WREGIS” means the Western Renewable Energy Generating Information System or any successor renewable energy tracking system.
## APPENDIX G

### TOD Periods

<table>
<thead>
<tr>
<th></th>
<th><strong>SUMMER</strong></th>
<th><strong>WINTER</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On-Peak</strong></td>
<td>Weekdays 11am – 7pm 1.6411</td>
<td>Weekdays 1pm - 9pm 1.1916</td>
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<tr>
<td><strong>Semi-Peak</strong></td>
<td>Weekdays 6am – 11am; Weekdays 7pm - 10pm 1.0400</td>
<td>Weekdays 6am – 1pm; Weekdays 9pm – 10pm 1.0790</td>
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<tr>
<td><strong>Off-Peak</strong>*</td>
<td>All other hours 0.8833</td>
<td>All other hours 0.7928</td>
</tr>
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</table>

*All hours during National Electric Reliability Council (NERC) holidays are off-peak.*
APPENDIX H

Product Price

Product Price for this Agreement (in $ per kWh) shall be as stated in the table below for the price applicable to the actual Initial Operation date.

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>10-Year</th>
<th>15-Year</th>
<th>20-Year</th>
<th>25-Year</th>
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<tbody>
<tr>
<td>2009 Easeload MPR</td>
<td>0.10043</td>
<td>0.10537</td>
<td>0.11126</td>
<td>0.11480</td>
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<tr>
<td>2010 Easeload MPR</td>
<td>0.10175</td>
<td>0.10748</td>
<td>0.11390</td>
<td>0.11761</td>
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<tr>
<td>2011 Easeload MPR</td>
<td>0.10400</td>
<td>0.11046</td>
<td>0.11730</td>
<td>0.12110</td>
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<td>2012 Easeload MPR</td>
<td>0.10698</td>
<td>0.11405</td>
<td>0.12126</td>
<td>0.12509</td>
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<tr>
<td>2013 Easeload MPR</td>
<td>0.10998</td>
<td>0.11776</td>
<td>0.12527</td>
<td>0.12915</td>
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<tr>
<td>2014 Easeload MPR</td>
<td>0.11278</td>
<td>0.12122</td>
<td>0.12897</td>
<td>0.13290</td>
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<tr>
<td>2015 Easeload MPR</td>
<td>0.11605</td>
<td>0.12503</td>
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<tr>
<td>2016 Easeload MPR</td>
<td>0.11971</td>
<td>0.12915</td>
<td>0.13706</td>
<td>0.14111</td>
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<tr>
<td>2017 Easeload MPR</td>
<td>0.12367</td>
<td>0.13352</td>
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<tr>
<td>2018 Easeload MPR</td>
<td>0.12802</td>
<td>0.13814</td>
<td>0.14603</td>
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<td>2019 Easeload MPR</td>
<td>0.13271</td>
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<td>2020 Easeload MPR</td>
<td>0.13776</td>
<td>0.14797</td>
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<td>0.15937</td>
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APPENDIX I

INITIAL OPERATION DATE CONFIRMATION LETTER

In accordance with the terms of that certain Renewable Power Purchase and Interconnection Agreement dated _____ ("Agreement") by and between San Diego Gas & Electric Company ("SDG&E") and ____ ("Producer"), this letter serves to document the parties further agreement that (i) the conditions for the occurrence of the Initial Operation have been satisfied, (ii) the insurance requirements have been fulfilled, (iii) the warranty and registration requirements in the Agreement have been met, and (iv) Producer has delivered and SDG&E has received the energy, as specified in the Agreement, as of this ___ day of ___, ____.

This letter shall confirm the Initial Operation date, as defined in the Agreement as of the date referenced in the preceding sentence.

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed by it authorized representative as of the date of the last signature provided below.

By: _____________________  By: ___________________
Name: 
Title: 
Date: 


# CREDIT APPLICATION

**General Information**

Legal Company Name

Doing Business As (DBA)

<table>
<thead>
<tr>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
</tr>
</thead>
</table>

Federal Tax ID #

Organized & existing under the laws of: (State) _______________ Year Incorporated/Established ________

**Primary Contacts:**

Credit Issues Contact:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>FAX</th>
<th>E-Mail</th>
</tr>
</thead>
</table>

Business Issues Contact:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>FAX</th>
<th>E-Mail</th>
</tr>
</thead>
</table>

**Service Type:**

Estimated Volumes of Service Requested per month:

| _______________ | _______________ | _______________ | _______________ |

Please provide the following information with this application:

- Most recent three (3) fiscal years’, CPA-audited, financial statements including notes to the financial statements.
- The most recent interim financial statements.
- A list of corporate affiliates, including addresses and relationship to your company/entity (Corporate Organization Chart).
- Most recent three (3) fiscal years’, CPA-audited, financial statements of the ultimate parent company.

**General Certification**

The undersigned declares that the statements set forth herein are true and complete. The undersigned on behalf of Applicant hereby authorizes Utility to obtain verification from any source named herein as to the accuracy of the information provided and to obtain credit information regarding Applicant as part of its approval process.

The undersigned on behalf of Applicant hereby releases, discharges, exonerates and covenants not to sue any person, company or governmental organization providing information to Utility in connection with its approval process, any recipient of such information conducting a review of such information in connection with this application, including Utility or its representatives, and its officers, agents, employees and independent contractors, from any and all liability of every nature and kind arising from or in connection with the furnishing, receipt and review of such information.

Official Signature: ________________________________  (Must by signed by an officer of the Applicant)

| Typed Name: ________________________________ | Title: ________________________________ | Dated: ________________________________ |
This consent form (“Consent”) is entered into by [PARTY NAME] as of this ___ day of ________, 20092010, to authorize the disclosure of [PARTY NAME]’s transmission-related information to San Diego Gas and Electric Company’s marketing or merchant business unit (SDG&E).

Whereas, [PARTY NAME] and SDG&E are negotiating (i) a long-term power purchase agreement for the sale of renewable power to SDG&E or (ii) a term-sheet for SDG&E’s purchase from [PARTY NAME] of a generating facility producing renewable power (collectively, the “Agreement”).

Whereas, pursuant to the Federal Energy Regulatory Commission (FERC) Standards of Conduct enacted through FERC Order 2004, the interconnecting utility’s transmission planning group (Transmission) is prohibited from sharing non-public transmission-related information with SDG&E.

Whereas, [PARTY NAME] recognizes that in order to facilitate the Agreement negotiation process and to permit SDG&E to diligently pursue the Agreement, Transmission should not be prohibited from sharing non-public transmission-related information with SDG&E.

THEREFORE, in consideration of the benefits to be received upon the successful negotiation and execution of the Agreement between [INSERT PARTY NAME] and SDG&E, [PARTY NAME] consents to and authorizes Transmission’s disclosure of all non-public transmission-related and customer-related information to SDG&E to the extent that information relates to the Agreement.

IN WITNESS WHEROF, [PARTY NAME] has caused this Consent to be duly executed and delivered by its proper and duly authorized officer as of the date set forth above.

[PARTY NAME]

By: ____________________________

Name: _________________________

Title: __________________________

Date: __________________________
**purpose and use**

The project viability calculator (PVC) is a tool for the utilities to evaluate the viability of a renewable energy project, relative to all other projects that bid into the California utilities' Renewables Portfolio Standard (RPS) solicitations. Pursuant to Decision (D) 09-06-018, the utilities are required to use the PVC to evaluate all bids received in response to their 2009 RPS solicitation.

RPS stakeholders made significant contributions in developing the PVC. Staff considered all comments and recommendations it received. Staff incorporated recommendations which were most consistent with the objective of developing a tool which produces meaningful results, increases transparency of the RPS procurement process and employs standardized evaluation criteria.

The PVC uses standardized categories and criteria to quantify a project's strengths and weaknesses in key areas of renewable project development. A project's score is only indicative of a project's likelihood to achieve commercial development. Specifically, in D.09-06-018 the Commission stated that the PVC is to be used as a screening tool, not to determine the exact merit of a particular project or contract. Utilities ultimately remain responsible for the recommendations they make regarding projects to meet their RPS Program targets.

Each project viability criteria is defined to guide scoring between zero and ten (0 - 10). Refer to the Criteria_Scoring Guidelines tab.

Utilities may modify the PVC, with conditions, if necessary. For example, the utilities may adjust the priority ranking of criteria and may add criteria. Pursuant to D.09-06-018, the utilities may not add new categories, may not change or delete criteria, and cannot modify the criteria scoring guidelines. Any addition or change must be documented.

Yellow highlighted cells identify areas where the user will input criteria scores, and may adjust weighting percentages and criteria priority ranking. Refer to the Calculator tab.
Bidder Information

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Solicitation Bid Number (1,2,3…)</th>
<th>&lt;bid number&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Name</td>
<td></td>
<td>&lt;company&gt;</td>
</tr>
<tr>
<td></td>
<td>New or Existing Facility?</td>
<td>&lt;select one&gt;</td>
</tr>
</tbody>
</table>

Project Information

| Technology | Nameplate Capacity (MW) | <select one> |
|           | Annual Generation (GWh)  |              |
|           | Annual Capacity Factor (%)|              |
|           | Type of cooling          |              |
|           | Contract Length (years)  |              |
|           | Commercial Operation Date | <01/15/10>  |

Project Detail

| Interconnection Status | Interconnection Point / Substation |              |
|                       | Levelized Price ($/MWh)           |              |
|                       | TOC-adjusted Levelized Price ($/MWh) |          |

Project Viability Calculator

### 2009 2010 RPS Solicitation

#### Category and Criteria Weighting

<table>
<thead>
<tr>
<th>Category Weight</th>
<th>Criteria</th>
<th>Priority</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>Company / Development Team</td>
<td>Project Development Experience</td>
<td>VH</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ownership / O&amp;M Experience</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category Weight</th>
<th>Criteria</th>
<th>Priority</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>Technology</td>
<td>Technical Feasibility</td>
<td>VH</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Resource Quality</td>
<td>M</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manufacturing Supply Chain</td>
<td>H</td>
</tr>
<tr>
<td></td>
<td>Site Control</td>
<td>VH</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Permitting Status</td>
<td>VH</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Project Financing Status</td>
<td>VH</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Interconnection Progress</td>
<td>VH</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Transmission Requirements</td>
<td>H</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Reasonableness of COD</td>
<td>H</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category Weight</th>
<th>Criteria</th>
<th>Priority</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>Development Milestones</td>
<td>Site Control</td>
<td>VH</td>
</tr>
<tr>
<td></td>
<td>Permitting Status</td>
<td>VH</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Project Financing Status</td>
<td>VH</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Interconnection Progress</td>
<td>VH</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Transmission Requirements</td>
<td>H</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Reasonableness of COD</td>
<td>H</td>
<td>2</td>
</tr>
</tbody>
</table>

---

### Project Scoring

- **score card** -

**Comments**

Bidder shall justify each score by illustrating its experience, feasibility, etc.

<table>
<thead>
<tr>
<th>Utility</th>
<th>IE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Company / Development Team

<table>
<thead>
<tr>
<th>Total Categor y Weighted</th>
<th>Normalized Category Weighted</th>
<th>Total Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Technology

<table>
<thead>
<tr>
<th>Total Categor y Weighted</th>
<th>Normalized Category Weighted</th>
<th>Total Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Development Milestones

<table>
<thead>
<tr>
<th>Total Categor y Weighted</th>
<th>Normalized Category Weighted</th>
<th>Total Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

---

"Normalized Category" makes each category the same range of values after incorporating the weighting within each category. Therefore, a normalized category score should be "100" if the project receives the maximum score (10) for each criteria, regardless of the criteria weighting (1 - 4).
### Score Card

<table>
<thead>
<tr>
<th>Company / Development Team</th>
<th>2009</th>
<th>2010</th>
<th>RPS Solicitation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Development Experience</strong></td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>The company and/or the development team has completed 2 or more projects of similar technology and capacity (e.g., 20 MW photovoltaic facility (thin-film)).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>The company and/or the development team has completed 2 or more projects of any technology and capacity (wholesale generation).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Either (i) the company and/or the development team has completed at least one project of similar technology and capacity; or (ii) begun construction of at least one other similar project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Either (i) the company and/or the development team has completed at least one project of any technology and capacity (wholesale generation); or (ii) begun construction of at least one other similar project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>None of the above.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **Ownership / O&M Experience** | 10 | 0 | 0 |
| The company, development team or subcontractor has experience with 2 or more projects of similar technology and capacity (wholesale generation). | | | |
| 8 | The company, development team or subcontractor has experience with 2 or more projects of any technology and capacity (e.g., 20 MW photovoltaic facility (thin-film)). | | |
| 7 | The company, development team or subcontractor has experience with at least one project of similar technology. | | |
| 5 | The company, development team or subcontractor has experience with at least 1 project of any technology and capacity (wholesale generation). | | |
| 0 | None of the above. | | |

### Technology

| **Technical Feasibility** | 10 | 0 | 0 |
| Project will use commercialized technology that is currently in use at a minimum of 2 operating facilities of similar capacity (worldwide). | | | |
| 5 | Project will use commercialized technology that is currently in use at a minimum of 2 operating facilities, but at first-of-its-kind scale. For example, existing projects do not exceed 20 MW and the proposed project is for greater than 50 MW. | | |
| 2 | Either (i) the project will use key components of commercialized technology, but in an application that has not yet been commercially proven; or (ii) project feasibility is supported by third party, independent engineer's report that verifies the cost and performance. (Technology is not commercially proven) | | |
| 0 | None of the above. | | |

| **Resource Quality** | 10 | 0 | 0 |
| Bidder demonstrated that the resource can support the production profile. For example: | | | |
| - Geothermal: Based on results of test wells, verified third party resource assessment or comparable facilities in the region. | | |
| - Wind: Based on meteorological tower data, verified third party resource assessment or comparable facilities in the region. | | |
| - Biomass: Sufficient quantities of fuel stock under control or contract for a minimum of five years. | | |
| - Solar: Based on verified third party resource assessment or comparable facilities in the region. | | |
| 5 | The resource appears sufficient to support the project's production profile. Assumptions are reasonable but not supported by data or assessment in section above. | | |
| 0 | None of the above. | | |

| **Manufacturing Supply Chain** | 10 | 0 | 0 |
| There are no known or anticipated supply chain constraints. | | | |
| 5 | Project scored within the top two tiers in the Technical Feasibility category, but project development is dependent on new manufacturing capacity. | | |
| 2 | Project will rely on proprietary technical design for its key component(s), not currently in use commercially, and project development is dependent on new manufacturing capacity. | | |
| 0 | None of the above. | | |
### Development Milestones

<table>
<thead>
<tr>
<th>Site Control</th>
<th>0 0 10</th>
<th>Project has 100% site control through either (i) direct ownership; (ii) a lease; or (iii) an option to lease or purchase.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>The project will be sited on BLM land and the bidder has achieved “Site Exclusivity,” pursuant to California Independent System Operator (CAISO) guidelines. (<a href="http://www.caiso.com/1f42/1f42c00d28c30.html">http://www.caiso.com/1f42/1f42c00d28c30.html</a>)</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Permitting Status</th>
<th>0 0 10</th>
<th>At a minimum, bidder has received its Conditional Use Permit (CUP) or Application for Certification (AFC).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>Bidder has applied for its CUP or AFC, the application has been deemed data adequate and/or the designated agency has initiated its review. No fatal flaws have been identified (e.g., protected species and/or land, high land mitigation requirement).</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Bidder has not initiated permitting, but bidder has successfully permitted a facility of similar technology and capacity. No fatal flaws have been identified (e.g., protected species and/or land, high land mitigation requirement).</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Financing Status</th>
<th>0 0 10</th>
<th>Either (i) the project will be &quot;balance sheet&quot; financed; or (ii) the project will rely on a power purchase agreement (PPA) for its financing and bidder can verify that such financing has been secured.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6</td>
<td>Project will rely on PPA financing. The bidder has obtained financing for at least 1 project of similar technology and capacity (e.g., 20 MW photovoltaic facility (thin-film)).</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Project will rely on PPA financing. The bidder has obtained financing for at least 1 project of any technology and capacity (wholesale generation).</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interconnection Progress</th>
<th>0 0 10</th>
<th>The project has obtained its Interconnection Agreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>Either (i) the project is in Phase II of the CAISO's Large Generator Interconnection Process (LGIP), has posted its Letter of Credit and is in compliance with all CAISO requirements for maintaining queue position, or (ii) the project can interconnect through CAISO Small Generator Interconnection Procedures.</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Either (i) the project is in Phase I of the CAISO's LGIP and is in compliance with all CAISO requirements for maintaining queue position, or (ii) the project is in the Serial Study Group and has initiated its System Impact Study.</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>The project has submitted its interconnection request.</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transmission Requirements</th>
<th>0 0 10</th>
<th>No transmission system upgrades required.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>Transmission access expected in less than 2 years.</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Transmission access expected in less than 3 years.</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Transmission access expected in less than 5 years.</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Transmission access expected in greater than 5 years.</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>None of the above.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reasonableness of COD</th>
<th>0 0 10</th>
<th>Utility reasonably expects project’s COD to occur within 12 months of the proposed online date.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>Utility reasonably expects project’s COD to occur within 12 - 24 months of the proposed online date.</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Utility reasonably expects project’s COD to occur within 24 - 36 months of the proposed online date.</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Utility reasonably expects project’s COD to occur within 36 - 48 months of the proposed online date.</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>Utility reasonably expects project’s COD to occur more than 48 months after the proposed online date.</td>
</tr>
</tbody>
</table>

- end -
APPENDIX C
LCBF PROCESS
I. Introduction

A. Note relevant language in statute and CPUC decisions approving LCBF process and requiring LCBF Reports

In accordance with Section 399.14 (a)(2)(B) of the Public Utilities Code, the Commission established in D.04-07-029 a process for evaluating “least-cost, best-fit” (“LCBF”) renewable resources for purposes of IOU compliance with Renewable Portfolio Standard (“RPS”) program requirements. In D.06-05-039, the Commission observed that “the RPS project evaluation and selection process within the LCBF framework cannot ultimately be reduced to mathematical models and rules that totally eliminate the use of judgment.”1 It determined, however, that each IOU should provide an explanation of its “evaluation and selection model, its process, and its decision rationale with respect to each bid, both selected and rejected,” in the form of a report to be submitted with its short list of bids (the “LCBF Report”). SDG&E’s LCBF Report is set forth below.

B. Goals of bid evaluation and selection criteria and processes

SDG&E’s bid evaluation and selection process is governed by:
1) RPS program’s requirement that selections are made in a fair and least-cost, best fit manner.
2) SDG&E’s Commission approved 2009–2010 RPS plan. Within this plan SDG&E established a goal of 24% to 26% in 2012 and 33% by 2020. This plan was also reviewed by SDG&E’s Independent Evaluator and Procurement Review Group.
3) SDG&E’s Sunrise Powerlink commitments. With Commission approval of the Sunrise Powerlink (“SPL”), SDG&E committed to replacing failed projects which would have flowed on SPL with projects that would also flow on SPL.

II. Bid Evaluation and Selection Criteria

A. Description of Criteria

Consistent with SDG&E’s 2009–2010 RPS Plan, the selection of renewable resources is driven primarily by a cost minimization objective function. Procurement is governed by RPS rules and based upon an assessment of quality, price, terms and viability of offers. SDG&E seeks resources that will allow SDG&E to meet RPS requirements in the most expeditious and cost effective manner. Toward that end, offers that met the 2009 RFO requirements will be evaluated on the basis of a least-cost, best-fit analysis. The components of the LCBF analysis are discussed below, including:

- Market Valuation (the “All-In Bid Ranking Price”)
- Portfolio Fit
- Credit and Collateral Requirements
- Project Viability
- Other Qualitative Factors

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1 D.06-05-039, mimeo, p. 42.
1. **Market valuation (the “All-In Price”)**

The All-In Price includes the following factors:

i. **Capacity and energy prices.**

Both the offered capacity and energy prices are included in the All-In Price.

ii. **Time of delivery adjusted pricing.**

SDG&E accounts for differences in the value of various delivery profiles. To properly assess the value of the deliveries from an intermittent resource properly, SDG&E divides the proposed energy price by SDG&E's Time-of-Delivery factors for each MWH the project delivers during each delivery hour over the term of the agreement. The total cost is summed and divided by energy delivered. A present value figure is calculated for the payment and energy streams and an overall leveled TOD Adjusted Bid Price on a $/MWH is calculated. The difference between the levelized TOD Adjusted Bid Price and an unadjusted levelized bid price represents the TOD Adjustment Adder. Projects that provide a greater proportion of their annual deliveries in summer on-peak, winter on-peak, and summer semi-peak periods will receive a credit that will reduce the project bid price, whereas projects that provide a greater proportion of annual deliveries in summer and winter off-peak periods will receive a debit that will increase the project bid price. Baseload units deliver equally in all hours, which results in a net TOD Adjustment Adder at or close to zero. Projects that include multiple units with different starting dates will be assessed as a single unit with capacity and energy added as new units come online within the calendar year; for baseload units, this will cause uneven energy deliveries between summer and winter seasons, and may result in a positive or negative TOD Adjustment Adder.

iii. **Transmission upgrade costs/credits (discussed at Section II(A)(4) below).**

iv. **Resource Adequacy.**

All bids receive a credit based on the amount of Resource Adequacy ("RA") benefits provided by each bid. The RA benefit (in MW) of a wind or solar resource is a fraction of its capacity, derived from the Net Qualifying Capacity values that CAISO has assigned to resources of that technology. The RA credit for MW for potentially dispatchable resources equals the MPR fixed cost component while RA credits for other resources are computed using a benefit per MW equal to the estimated market price, or to the shortage penalty, for local and/or system RA.

v. **Congestion cost adders.**

Congestion costs will be developed using ABB's Grid View model. The model provides hourly Locational Marginal Prices ("LMP") for specific years for each of the bids. Congestion Costs ($/MWh) will be calculated based on the difference between the hourly LMP at each generator’s injection point and the hourly LMP values for SDG&E’s Load Aggregation Point (“LAP”). The LMP values in the LAP will be
weighted for all bus points within SDG&E’s service territory using approved CAISO allocation factors. SDG&E will subtract the LMPs for each generator’s injection point from the LMPs in SDG&E’s LAP and multiply the differences by the generator’s hourly production profile (MWh).

vi. **Duration equalization adders (“Begin Effects” and “End Effects”).**

SDG&E will use average bid prices as market replacement costs to equalize bids of different starting periods and terms. After calculating levelized prices for all offers, SDG&E will take an average of these levelized prices for use as beginning and end effects. SDG&E will assume the same level of generation for each project as replacement energy during the Begin and End Effects. SDG&E will then levelize each bid from 2009 through the end of the evaluation period, putting all projects on equal terms.

**Integration cost adder.**

SDG&E will develop, in consultation with its Independent Evaluator and subject to review by its Procurement Review Group, an adder to capture costs associated with integrating renewable resources into SDG&E’s overall energy and capacity portfolio. The adder may consider costs associated with ancillary services, load following capability or over-generation.

2. **Portfolio fit**

SDG&E does not select projects based on a pre-determined preference for a product type or technology type. The quantitative elements describe above, including TOD adjustment adders and resource adequacy adjustments, represent some cost impact to SDG&E’s portfolio and ensure the least-cost selections for the portfolio.

3. **Credit and collateral requirements**

Each 2009-2010 RFO respondent will be required to complete, execute and submit a credit application as part of its offer. The application requests financial and other relevant information needed to demonstrate creditworthiness. However, SDG&E does not analyze credit worthiness as part of its bid evaluation process. If a project is shortlisted, a respondent’s credit worthiness comes into play during contract negotiations if the bidder is asking for special credit and collateral considerations in a power purchase agreement.

4. **Project Viability**

SDG&E considers project viability as a qualitative factor and relies on the Energy Division’s Project Viability Calculator and self-scores from the bidders. For projects SDG&E rejected due to low viability scores, SDG&E rescores the projects to affirm the bidder did not unfairly score itself too low. For projects SDG&E shortlists, SDG&E rescores the project to affirm the bidder did not unfairly score itself too high.
5. Transmission Cost Adders

For offers for new projects or projects proposing to increase the size of existing facilities, SDG&E calculates costs for transmission network upgrades or additions, using the information provided through:

i. Transmission Cost Ranking Reports (“TRCR”) approved by the CPUC and provided by the bid respondent; or

ii. Transmission upgrade costs from a CAISO-approved completed System Impact Study for respondents that have completed such study for their proposed projects and are in the CAISO queue.

SDG&E anticipates that some bid respondents will fail to participate in a TRCR and will not provide a CAISO approved System Impact Study. Rather than considering these bids to be non-conforming, SDG&E may evaluate the offers in order to determine whether the bid’s All-in Price could provide a benefit to ratepayers. SDG&E will use TRCR’s to estimate transmission costs for these projects. SDG&E will impute costs for these projects only if the total MW’s in the applicable TRCR cluster could accommodate the non-conforming offer.

SDG&E assigns a transmission cost adder of zero dollars ($0) to projects proposing to interconnect to the distribution system because all such costs are attributable to the developer.

6. Other Qualitative Factors

As stated in its 2009-2010 RPS Plan, SDG&E could also consider the following qualitative factors:

- Location
- Benefits to minority and low income areas
- Resource diversity
- Environmental stewardship, which may include the environmental impacts of Respondent’s proposed facility on California’s water quality, use, and water resource management consistent with the CPUC’s Water Action Plan.

7. Impact of quantitative factors on the LCBF ranking process

The quantitative factors described in II(A)(1) (Market Evaluation) above, establish the ranking of each bid from lowest to highest All-In Price. As mentioned earlier, SDG&E uses qualitative factors as tie-breakers for projects that have similar costs.

8. Out-of-State Projects

The evaluation method will not differ for out-of-state projects. The same method will be used to evaluate in-state offers versus out-of-state offers.
B. Criteria Weightings

1. If a weighting system is used, please describe how each LCBF component is assigned a quantitative weighting. Discuss the rationale for the weightings.

SDG&E does not use a weighting system in its LCBF process; each valuation category receives its full quantitative ranking. (SDG&E does note that the Energy Division’s Project Viability Calculator does have a built-in weighting system, which SDG&E adopted without revising the default values.)

2. If a weighting system is not used, please describe how the LCBF evaluation criteria are used to rank bids.

Bids are ranked using the quantitative factors described in Section II(A)(1) (Market Valuation) above. SDG&E then may consider qualitative factors, such as portfolio fit and project viability to differentiate bids with a similar All-In Price. This method makes it less likely that subjective bias will impact the ranking of a particular project.

3. Discuss how the IOU LCBF methodology evaluates project commercial operation date relative to transmission upgrades required for the project.

In general the implementation schedule of the upgrades needed for a particular project is not defined when bids are evaluated. The Project Viability Calculator includes a criterion based on the time needed for transmission upgrades. Bidders self-score their Project Viability Calculators but SDG&E rescores them for bids considered for shortlisting, which included a review of the transmission upgrade timing criterion.

4. Discuss how the LCBF methodology takes into account bids that may be more expensive, but have a high likelihood of resulting in viable projects.

SDG&E shortlists twice its estimated need, thus allowing for the possibility that a more expensive project could be more viable than a less expensive project. That is, if the lowest priced offers prove to be unviable, then SDG&E will have on its expanded shortlist more expensive projects that may be more realistically priced; the expanded shortlist is a hedge against unrealistic, “low-ball” offers.

C. Evaluation of utility-owned, turnkey, buyouts, and utility-affiliate projects

1. Describe how utility-owned projects are evaluated against PPAs

Utility-owned projects are evaluated using the same method as non-utility-owned turnkey projects (described below).

2. Describe how turnkey projects are evaluated against PPAs

SDG&E incorporates the turnkey cost, book and tax depreciation information into its cost of service model along with operating cost assumptions gathered from industry sources, relevant tax credit information (if applicable) and SDG&E’s authorized rate of return. The revenue requirements are then levelized over a twenty-year depreciable life, in the case of solar or wind
projects, or a thirty-year depreciable life in the case of biomass, biogas, or geothermal projects.

3. **Describe how buyout projects are evaluated against PPAs**

SDG&E incorporates the buyout price, book and tax depreciation information into its cost of service model along with operating cost assumptions gathered from industry sources, relevant tax credit information (if applicable) and SDG&E’s authorized rate of return. The resulting calculation is then added to the cost of the PPA at the bid price from the proposed in-service date to the date of the buyout.

4. **Describe how utility-affiliate projects are evaluated against non-affiliate projects**

Affiliate projects are evaluated using the same method as non-affiliate projects. The Independent Evaluator conducts the LCBF scoring of all bids, including all affiliate bids.

### III. Bid Evaluation and Selection Process

**A. What is the process by which bids are received and evaluated, selected or rejected for shortlist inclusion, and further evaluated once on the shortlist?**

The following lists procedural steps for receiving and evaluating bids:

1. Save offers and all incoming documents to a restricted, secured server.
2. Document each offer received in an Excel spreadsheet summarizing key characteristics such as: respondent name, alternative type, offer number, technology, price, type of facility, product type (as available, unit firm, peaking, or baseload), offer amounts (MW), contract terms (10 year, 15 year, 20 year), etc.
3. File hardcopies of each bid in fireproof, locked cabinets.
4. Follow-up with respondents who have not submitted hardcopies.
5. Review each offer and populate the LCBF model.
6. Contact bidders for additional information if necessary.
7. Meet with the Independent Evaluator at least on a weekly basis. In practice, SDG&E spoke to the IE everyday since the IE populated the LCBF model.
8. Brief the PRG on a monthly basis.

**B. What is the typical amount of time required for each part of the process?**

The duration of the processing period is typically two weeks. The duration of the evaluation period is typically six to eight weeks.

**C. How is the size of the shortlist determined?**

The size of the shortlist is based upon twice SDG&E’s estimated need. Need will be estimated by using a probabilistic assessment of the success of projects under contract and in negotiations.

**D. Are rejected bidders told why they were rejected? If so, what is the process?**

SDG&E sends appreciation letters to unsuccessful bidders after receiving confirmation that shortlisted bidders have accepted their status on the shortlist. The appreciation letter states in general terms that the rejected project was not competitive on a least-cost,
best-fit basis. Many bidders follow-up requesting feedback regarding their offer. If asked, SDG&E does tell bidders why their projects were rejected.

E. Describe involvement of the Independent Evaluator

In order to affirm the fairness of the process, the Independent Evaluator (“IE”) provides feedback on every aspect of the RFO process, from the manner in which bids were collected, to the design of the LCBF model, to the manner in which a shortlist was selected. For 2009-2010, the IE also performs inputs to the LCBF model. SDG&E holds weekly meetings with its IE to discuss the progress and method of bid processing and evaluation.

F. Describe involvement of the Procurement Review Group

SDG&E will brief its PRG during the course of RFO planning, bid review, and during the LCBF analysis. SDG&E will present the initial results of its bid evaluation process to its PRG for review before submitting its shortlist to the CPUC.

G. Discuss whether and how feedback on the solicitation process is requested from bidders (both successful and unsuccessful) after the solicitation is complete.

Although SDG&E does not specifically request feedback regarding the solicitation process, bidders are welcome to, and typically do, provide feedback by telephone or email. SDG&E’s RFO inbox remains accessible to bidders even after the solicitation is closed.
EVALUATING SHORT-TERM OFFERS
(TERM = 1 - 5 YEARS)

Although already mentioned in the RFO, it is important to reiterate that the PRG (Procurement Review Group) and IE (Independent Evaluator) will play key consultative roles during all phases of the solicitation, especially during offer evaluation.

SDG&E may extend the RFO due date IF the solicitation is not robust in quantity and variety of offers.

Initial Processing Of Offers
On the Due Date:
1. Save offers and all incoming documents to a restricted, secured server.
2. Block website from accepting offers after the closing deadline.
3. Each offer received will be documented in an Excel spreadsheet summarizing key characteristics such as: Respondent name, alternative type, offer number, technology, price, type of facility, product type, offer amounts (MW) and contract term.
4. File hardcopies of each bid in fireproof, locked cabinets.
5. Follow-up with respondents who have not submitted hardcopies.

Evaluating the Offers
The following outline describes the method which will be utilized to evaluate, rank and shortlist offers.

1. Obtain conventional forward market data (Source: Tullet).
   a. Determine last publication date and choose number of days
   b. Obtain data
   c. Average data

2. Decompose (see below*) aggregate average real historical market prices into Low Load Hours (LLH) and High Load Hours (HLH) by month and year

3. Obtain REC forward value (Source: Evo Markets)

4. Obtain Short Term Resource Adequacy (RA) service prices from old bids and executed transactions (Source: Average price from 2007/08/09 RFO and recent SDG&E RA auctions) and convert units to $/MWH as appropriate.

5. Baseline price for each hour = decomposed average forward market price data for each hour + REC forward value

6. For transactions that claim provision for RA: RA-Adjusted Baseline price = Baseline price + RA adder for all hours offered. [Since some technologies have a lower probability of production at peak hours, for RA purposes, an adjustment to the offer will be made based on the capacity. Adder will be (1- RA Rating) * (ST RA Market price). For example wind RA rating is 0.24 and geothermal is 1.0.]

7. Compute Benefit to Cost Ratio (B/C) -
   a. Compute difference between Baseline (or adjusted Baseline as appropriate) and offer prices hour for hour within appropriate year only
   b. This difference (weighted by the delivered energy by hour) will be the benefit. Use the average of these as "Benefit" in B/C ratio.
   c. Compute "Cost" in the B/C ratio as the average (weighted by hourly delivered energy of the delivered $/MWH bid prices
8. Within a year in the range 2009 - 2013, rank B/C for the bids made that year (B/C results as computed in Step 7)

   a. For each year, rank the bids made for that year in descending B/C order.
   b. Short List every bid with a B/C ratio > 1. Those with B/C ratios less than 1 will be considered on a case-by-case basis, depending on the short-list from the long-term offers.

9. Adjustment for delivery will be added to bids where appropriate. It will be derived from Cal ISO LMP study.

Notes:
- Since for each year there is benefit to meeting or exceeding the goal and SDG&E is currently short in all the years, no inter-year comparison will be needed. However, if such a need arises, the B/C ratio for a probability of realization times the 50$/MWH penalty will be added to the distant bid cost.
- Since both Benefit and Cost will be discounted with the same function, the ratio will be unaffected by a discount rate. No discounting will be done.
- If a bid is uniformly less than the appropriate baseline, it follows from the method that it will be short listed.
- Where necessary, capacity prices in $ / kW-time period will be converted to energy units ($/MWH) as an average capacity rent for the appropriate time period.
  (e.g. 1.0 kW-yr * 8760 hrs/yr * 0.0001 MW / kW = 8.76 MWH)

* Decomposition Method:
  1. Obtain historical data (Cal ISO ex-post) from ESSA.
  2. Decompose into HLH / LLH by SP15 definitions
  3. Find average price for HLH and LLH by day
  4. Use hourly price divided by period average price to arrive at % of average price for each hour
  5. Multiply % of average constants times the appropriate value from the market average price(s) to arrive at the hourly forward price
AFFIDAVIT

I am an employee of the respondent corporation herein, and am authorized to make this verification on its behalf. The matters stated in the foregoing SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) 2010 DRAFT RENEWABLE PROCUREMENT PLAN are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

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

Executed this 18th day of December, 2009, at San Diego, California

/s/ Mike McClenahan
Mike McClenahan
Director - Procurement & Portfolio Design
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue
Implementation and Administration of California
Renewables Portfolio Standard Program.  

Rulemaking 08-08-009  
(Filed August 21, 2008)

SAN DIEGO GAS & ELECTRIC COMPANY
(U 902 E) NOTICE OF AVAILABILITY OF
DRAFT 2010 RENEWABLE PROCUREMENT PLAN

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December 18, 2009
SAN DIEGO GAS & ELECTRIC COMPANY
(U 902 E) NOTICE OF AVAILABILITY OF
DRAFT 2010 RENEWABLE PROCUREMENT PLAN

Pursuant to Rule 1.9(c) of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), San Diego Gas & Electric Company (“SDG&E”) hereby provides notice that it has electronically filed its draft 2010 Renewable Portfolio Standard (RPS”) plan (the “Plan”) with the Commission’s docket office.

The 2010 Plan is available on SDG&E’s website at the following link:


Respectfully submitted this 18th day of December, 2009.

/s/ Aimee M. Smith

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CERTIFICATE OF SERVICE

I hereby certify that SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)
NOTICE OF AVAILABILITY OF DRAFT 2010 RENEWABLE PROCUREMENT PLAN
has been electronically mailed to each party of record on the service list in R.08-08-009. Any
party on the service list who has not provided an electronic mail address was served by placing a
copy in a properly addressed and sealed envelope and depositing such envelope in the United
States Mail with first-class postage prepaid.

Copies were also sent via Federal Express to Commissioner Michael R. Peevey and the
Assigned Administrative Law Judges Anne E. Simon and Burton Mattson.

Executed this 18th day of December 2009 at San Diego, California

/s/ Lisa Fucci-Ortiz
Lisa Fucci-Ortiz
CALIFORNIA PUBLIC UTILITIES COMMISSION

Service Lists

PROCEEDING: R0808009 - CPUC - OIR TO CONTI
FILER: CPUC
LIST NAME: LIST
LAST CHANGED: DECEMBER 16, 2009

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