AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any item not on the Agenda. Speakers are limited to 3 minutes each.

Consent Calendar (Action)

1a) Approve Minutes of the February 8, 2017, Board of Directors Meeting

1b) Adopt Resolution Confirming the Appointment of a New Chair and Vice Chair

1c) Adopt Resolution Certifying Authority Representatives on River City Bank Loans

1d) Adopt Amended Conflict of Interest Code

1e) Approve Amended Engagement Letter with Troutman Sanders LLP

1f) Approve Confirmation Agreements with Sonoma Clean Power and Pacific Gas and Electric Company to Acquire Resource Adequacy Capacity for 2017

1g) Approve Congestion Revenue Rights Entity Agreement with the California Independent System Operator Corporation

Regular Calendar

2) Executive Committee Report (Discussion)

3) CEO Report (Discussion)

4) Treasurer Report (Discussion)
5) Request for Deferment of Enrollment to July 2017 for Selected Santa Clara County Municipal Accounts (Action)

6) Modification to SVCE Program Roll Out (Action)

7) Approve SVCE Financial Policies (Action)

8) Approve Amendment to FY 2016-2017 Annual Operating Budget (Action)

9) Legislative/Regulatory Update (Presentation)

Board Member Announcements and Direction on Future Agenda Items

Adjourn
Call to Order

Chair Sinks called the meeting to order at 7:00 p.m.

Chair Sinks led the salute to the flag.

Roll Call

Present:
Chair Rod Sinks, City of Cupertino
Vice Chair Rob Rennie, Town of Los Gatos
Director Jeannie Bruins, City of Los Altos
Director Courtenay C. Corrigan, Town of Los Altos Hills
Director Burton Craig, City of Monte Sereno
Director Steve Tate, City of Morgan Hill
Director Margaret Abe-Koga, City of Mountain View
Director Dave Cortese, County of Santa Clara (arrived at 7:02 p.m.)
Director Howard Miller, City of Saratoga
Alternate Director Nancy Smith, City of Sunnyvale
Director Liz Gibbons, City of Campbell
Director Daniel Harney, City of Gilroy

Absent:
None.

Chair Sinks introduced and welcomed new Board members.

Public Comment on Matters Not Listed on the Agenda

Chair Sinks opened public comment.

Richard Fancher, Los Altos resident, spoke regarding the SVCE mailer he received, his savings of being a PG&E SmartRate customer, and his belief that SVCE has misinformed current and potential SmartRate customers about the SVCE rollout.

Chair Sinks directed staff to prepare a summary to address PG&E’s SmartRate for the benefit of the Board and public.

Mark Tholke, Golden State Renewable Energy, spoke of his experience as a renewable energy developer and his belief that solar photovoltaic (PV) can be done inside Santa Clara County.
Chair Sinks closed public comment.

**Consent Calendar**

Greg Stepanich, General Counsel, provided a clerical correction to Item 1c) Approve Agreement with Maher Accountancy for Accounting Services,

Section 3. Compensation to Consultant, the first line, “Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed one hundred and thirty thousand and five hundred dollars ($130,500.00)” should include, “as provided in Exhibit B which is attached hereto and incorporated herein by this reference.”

MOTION: Director Bruins moved and Director Miller seconded the motion to approve the Consent Calendar with the correction to Item 1c.

Chair Sinks opened public comment.
No speakers.
Chair Sinks closed public comment.

The motion carried unanimously.

1a) Approve Minutes of the January 11, 2017, Board of Directors Meeting
1b) Adopt Amended Conflict of Interest Code
1c) Approve Agreement with Maher Accountancy for Accounting Services

**Regular Calendar**

2) Executive Committee Report

Chair Sinks reported that the Executive Committee met on January 25 and discussed SVCEA Capital and Rate Stabilization Reserve policies. Chair Sinks reported that he attended the California Public Utilities Commission (CPUC) en banc hearing.

Chair Sinks opened public comment.
No speakers.
Chair Sinks closed public comment.

3) CEO Report

CEO Tom Habashi presented the CEO report which included a new hire update of the Regulatory/Legislative Analyst, interviews scheduled for the Account Representative, and open positions for Community Outreach Manager, Director of Power Resources, and Administrative Assistant. CEO Habashi stated that the financial policies would be brought back to the Board at the March meeting for approval. CEO Habashi spoke of the CPUC en banc hearing on February 1, provided an update on SVCEA enrollment and notifications, gave an invitation to attend the SVCE Open House, and provided an update on power supply purchases. CEO Habashi responded to Board questions.

The Board and staff discussed the comments from the first public speaker regarding PG&E’s SmartRate and the SVCE mailer. The Board directed staff to get additional details on PG&E’s SmartRate.
Chair Sinks opened public comment.

James Tuleya, Sunnyvale resident, spoke of his experience working for PG&E’s Energy Efficiency business and his knowledge of PG&E’s SmartRate.

Ron Swenson, Santa Cruz resident, noted his belief that there is a defensive approach that can be taken on the supply side with solar resources in the district.

Chair Sinks closed public comment.

4) Treasurer Report

Don Eckert, Director of Administration and Finance, presented the Treasurer report and responded to Board questions.

Chair Sinks opened public comment.

No speakers.
Chair Sinks closed public comment.

5) Elect Chair and Vice Chair (Action)

Chair Sinks introduced the item and opened nominations from the floor for Chair.

MOTION: Director Bruins moved and Director Tate seconded the motion to nominate Vice Chair Rennie to serve as Chair of the Board.

The motion passed unanimously.

Following selection of the Chair, Director Sinks handed over the gavel to newly appointed Chair Rennie and Chair Rennie presided over the remainder of the meeting.

Director Bruins commented that the Board initially agreed to have a non-founding member in one seat, and a founding member in the other.

MOTION: Director Bruins moved and Director Gibbons seconded the motion to nominate Director Griffith to serve as Vice Chair of the Board.

MOTION WITHDRAWN: Following discussion, Director Bruins withdrew the motion.

Director Sinks thanked the Board for their support in his term as Chair and suggested that the Board consider who would have the time commitment to serve as Vice Chair.

MOTION: Director Tate moved and Director Miller seconded the motion to nominate Director Harney to serve as Vice Chair of the Board.

The motion passed unanimously.

Chair Rennie opened public comment.

Bruce Karney, Mountain View resident, noted that he was under the impression that Director Harney was not reelected to the Gilroy City Council. Chair Rennie clarified that Director Harney was reappointed as a Councilmember of Gilroy.

Chair Rennie closed public comment.
6) **Appoint Board Executive Committee Members (Action)**

Greg Stepanicich, General Counsel, presented the item. CEO Habashi provided additional information and answered Board questions.

The Board discussed who in addition to the Chair and Vice Chair should make up the Executive Committee.

**MOTION:** Director Tate moved and Director Craig seconded the motion to nominate Director Sinks to the Board Executive Committee.

**FRIENDLY AMENDMENT:** Director Craig offered a friendly amendment to add Director Gibbons and Director Miller to the nomination.
Director Tate accepted the friendly amendment.

**FRIENDLY AMENDMENT:** Director Gibbons offered a friendly amendment to add Director Abe-Koga to the nomination.
Director Tate and Director Craig accepted the friendly amendment.

Following discussion, Chair Rennie clarified the motion that the Executive Committee would be made up of Chair Rennie, Vice Chair Harney, Director Gibbons, Director Miller, Director Sinks, and Director Abe-Koga.

The motion carried unanimously with Director Cortese absent.

7) **Approve Master Transaction and Confirmation Agreement with Regenerate Power LLC (Action)**

CEO Habashi presented an introduction to items 7, 8, and 9 and responded to Board questions.

Chair Rennie opened public comment.
No comment.
Chair Rennie closed public comment.

**MOTION:** Director Gibbons moved and Director Bruins seconded the motion to authorize the Chief Executive Officer to execute a Master EEI Agreement and Confirmation with Regenerate Power LLC for the purchase of renewable energy.

The motion carried unanimously with Director Cortese absent.

8) **Approve Confirmation Agreements with NRG and Shell to acquire Resource Adequacy Capacity for 2017 (Action)**

CEO Habashi provided additional information on item 8 and responded to Board questions.

**MOTION:** Director Sinks moved and Director Gibbons seconded the motion to authorize the Chief Executive Officer to execute agreements for the purchase of Resource Adequacy Capacity as necessary to meet SVCE’s regulatory obligations.

General Counsel Stepanicich noted that public testimony would need to be heard prior to moving forward with the vote.

Chair Rennie opened public comment.
No speakers.
Chair Rennie closed public comment.

The motion carried unanimously with Director Cortese absent.

9) Approve Risk Management Policy related to Congestion Revenue Rights Market (Action)

CEO Habashi provided additional information on item 9 and responded to Board questions.

CEO Habashi confirmed that the policy presented will be brought to the CEO-appointed Risk Oversight Committee to be further developed; the policy presented was intended to cover the capacity rights that SVCEA would like to purchase from the California Independent System Operator.

MOTION: Director Bruins moved and Director Miller seconded the motion to approve the Risk Management Procedures and Controls for Transactions in the California Independent System Operator Markets; Direct the Risk Oversight Committee to work with the CEO to finalize the Energy Risk Management, Energy Trading Authority, Credit Risk and Energy Hedge policies and seek Board approval of a comprehensive Energy Risk Management Policy in April 2017; and Authorize the Chief Executive Officer to execute a CRR Entity Agreement and deposit $500,000 with the California Independent System Operator.

Chair Rennie opened public comment.
No speakers.
Chair Rennie closed public comment.

Director Sinks commented that the Risk Oversight Committee is CEO appointed due to sensitive and confidential information that cannot be released to the public. General Counsel Stepanicich confirmed that the Risk Oversight Committee is not a Brown Act subject committee.

The motion carried unanimous with Director Cortese absent.

10) Establish and Fund Rate Stabilization Reserves, Working Capital Reserves

CEO Habashi presented the staff report and responded to Board questions.

The Board and staff discussed the Power Charge Indifference Adjustment (PCIA) and its effect on Community Choice Aggregators (CCA). Director Sinks noted that SVCEA has joined CalCCA, an advocacy organization with members from each Community Choice Energy agency. CEO Habashi provided additional information on CalCCA.

Chair Rennie opened public comment.

Bruce Karney spoke of his experience attending PCIA workshops and his opinion on operational expenses.

Chair Rennie closed public comment.

11) SVCE Website Update

Pamela Leonard, Community Outreach Specialist, introduced Joyce Vollmer of MIG, Inc., and noted that swag bags had been left at the dais for Board members. Community Outreach Specialist Leonard presented the item and responded to Board questions. CEO Habashi answered additional questions.

Board members provided feedback including color selection and percentage make-up of the Opt Out pie chart, a request to include a clear indication of what percentage of the pie charts represent greenhouse gas free, font size, a request to note that only residents who have received their notification post cards
have the ability to opt out be more prominent on the Opt Out page, call out “PG&E” in the Opt Out pie chart title, and a suggestion for a graphic to show rollout phase areas. Staff will review feedback provided by the Board.

The Board and staff discussed the social media platform NextDoor and how it can be used to reach residents. Director Gibbons suggested a blurb be provided to member agencies to notify residents of the postcards and phased rollout.

Chair Rennie opened public comment.

Steve Schmidt, Los Altos Hills resident, announced that he opted up to GreenPrime.

James Tuleya, Sunnyvale resident, stated that he has been working with Outreach Specialist Leonard on community ambassador assistance to reach coverage areas.

Chair Rennie closed public comment.

**Board Member Announcements and Direction on Future Agenda Items**

Chair Rennie reported that the Town of Los Gatos opted up to GreenPrime

Director Bruins announced that there are two Los Altos public meetings planned on clean energy: March 1 at the Grant Park facility hosted by the City of Los Altos, and March 15 at the Main Library hosted by GreenTown Los Altos.

Director Gibbons reported that the Mercury News is working on a feature article on Green Energy.

Director Sinks reported that he will be presenting at Monta Vista High School, Cupertino High School, and San Jose State University on SVCE in March.

**Adjourn**

Chair Rennie adjourned the meeting at 9:33 p.m.
To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1b: Adopt Resolution Confirming the Appointment of a New Chair and Vice Chair

Date: 3/8/2017

RECOMMENDATION

Adopt Resolution 2017-04 confirming the appointment of Silicon Valley Clean Energy Authority’s new Chair and Vice Chair of the Board of Directors.

BACKGROUND

At the February 8, 2017 Board meeting, the Board of Directors appointed Rob Rennie as Chair and Daniel Harney as Vice Chair of the Board as required by Article III, Section 1 of the Operating Rules and Regulations. River City Bank, with whom SVCEA has a loan agreement, has requested that the change of the Chair and Vice Chair be accompanied by a resolution approved by the Board of Directors.

ATTACHMENTS

1. Resolution No. 2017-04 Confirming the Appointment of a New Chair and Vice Chair
SILICON VALLEY CLEAN ENERGY AUTHORITY
RESOLUTION NO. 2017-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON
VALLEY CLEAN ENERGY AUTHORITY CONFIRMING THE
APPOINTMENT OF A NEW CHAIR AND VICE-CHAIR

WHEREAS, the Silicon Valley Clean Energy Authority ("Authority") was formed on March 31, 2016 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, at its February 8, 2017 meeting, the Board appointed a new Chair and Vice-Chair for the Board of Directors.

WHEREAS, the Authority’s lender River City Bank has requested that the Board adopt a resolution confirming the appointment of the new Chair and Vice-Chair.

NOW THEREFORE, the Board of Directors of the Silicon Valley Clean Energy Authority does hereby resolve, determine, and order as follows:

Section 1. The appointment of Rob Rennie as Chair and Daniel Harney as Vice-Chair is hereby ratified and confirmed by this resolution.

PASSED AND ADOPTED this 8th day of March, 2017.

____________________________________
Rob Rennie, Chair

ATTEST:

____________________________________
Andrea Pizano, Board Secretary
Staff Report – Item 1c

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1c: Adopt Resolution Certifying Authority Representatives on River City Bank Loans

Date: 3/8/2017

RECOMMENDATION

Adopt Resolution 2017-05 authorizing the Chief Executive Officer and the Chair of the Board of Directors to engage Silicon Valley Clean Energy Authority (SVCEA) into loan agreements with River City Bank.

BACKGROUND

With the adoption of a new Chair and Vice Chair of the SVCE Board of Directors, River City Bank requires a formal resolution authorizing the new Chair and Chief Executive Officer to engage in loan agreements on behalf of SVCE. This will be an annual process with River City Bank each time a new Chair is appointed.

ATTACHMENTS
1. Resolution No. 2017-05 Certifying Authority Representatives on River City Bank Loans
RESOLUTION NO. 2017-05

RESOLUTION OF SILICON VALLEY CLEAN ENERGY AUTHORITY

In my capacity as Chair of the Board of Directors of SILICON VALLEY CLEAN ENERGY AUTHORITY (the “Authority”), I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE AUTHORITY’S EXISTENCE. The complete and correct name of the Authority is SILICON VALLEY CLEAN ENERGY AUTHORITY. The Authority is a public agency formed under the provisions of the Joint Exercise Powers Act of the State of California, Government Code section 6500 et seq. The Authority is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California.

The Authority is duly authorized to transact business, having obtained all necessary filings, governmental licenses and approvals in the State of California in which the Authority is doing business.

The Authority has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Authority maintains an office at 333 W. El Camino Real, Suite 290, Sunnyvale, CA 94087. Unless the Authority has designated otherwise in writing, the principal office is the office at which the Authority keeps its books and records. The Authority will notify Lender prior to any change in the location of the Authority’s state of organization or any change in the Authority’s name. The Authority shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Authority and the Authority’s business activities.

RESOLUTIONS ADOPTED. At a meeting of the Silicon Valley Clean Energy Authority Board of Directors, duly called and held on the 8th day of March 2017, by a vote affixed hereto, the resolutions set forth in this Resolution were adopted.

AUTHORIZED REPRESENTATIVES. The following named individuals are the authorized representatives of the Authority with titles and genuine signatures provided below:

<table>
<thead>
<tr>
<th>NAMES</th>
<th>TITLES</th>
<th>SIGNATURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rob Rennie</td>
<td>Chair of the Board</td>
<td></td>
</tr>
<tr>
<td>Tom Habashi</td>
<td>Chief Executive Officer</td>
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</table>

ACTIONS AUTHORIZED. Both of the authorized representatives listed above may enter into any agreements of any nature with River City Bank (“Lender”) that have been approved by the Board of Directors, and those agreements will bind the Authority. Specifically, but without limitation, each of the authorized representatives is authorized, empowered, and directed to do the following for and on behalf of the Authority with respect to a loan or loans and any other financial accommodations from Lender:

**Borrow Money.** To borrow and authorize advances, letters of credit and other lending
accommodations from time to time from Lender, on such terms as may be agreed upon between
the Authority and Lender, such sum or sums of money as in its judgment should be borrowed,
without limitation.

**Execute Notes.** To execute and deliver to Lender any loan agreement, promissory note or
notes, letter of credit applications, requests, or other evidence of the Authority’s credit
accommodations, in form and substance acceptable to Lender, at such rates of interest and on
such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the
Authority’s indebtedness to Lender, and also to execute and deliver to Lender one or more
renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or
more of the notes, any portion of the notes, or any other evidence of credit accommodations.

**Grant Security.** To pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver
to Lender any property now or hereafter belonging to the Authority or in which the Authority
now or hereafter may have an interest, including without limitation all of the Authority’s
personal property (tangible or intangible), as security for the payment of any loans or credit
accommodations so obtained, any promissory notes so executed (including any amendments to
or modifications, renewals, and extensions of such promissory notes), or any other or further
indebtedness of the Authority to Lender at any time owing, however the same may be
evidenced. Such property may be pledged, transferred, endorsed, hypothecated or encumbered
at the time such loans are obtained or such indebtedness is incurred, or at any other time or
times, and may be either in addition to or in lieu of any property theretofore mortgaged,
pledged, transferred, endorsed, hypothecated or encumbered.

**Execute Security Documents.** To execute and deliver to Lender any assignment agreements,
pledge agreements, mortgages, deeds of trust, security agreements, financing statements and
other documents which Lender may require and which shall evidence the terms and conditions
under and pursuant to which such liens and encumbrances, or any of them, are given; and also
to execute and deliver to Lender any other written instruments, any chattel paper, or any other
collateral, of any kind or nature, which Lender may deem necessary or proper in connection
with or pertaining to the giving of the liens and encumbrances.

**Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances,
promissory notes, or other evidences of indebtedness payable to or belonging to the Authority
or in which the Authority may have an interest, and either to receive cash for the same or to
cause such proceeds to be credited to the Authority’s account with Lender, or to cause such
other disposition of the proceeds derived therefrom as it may deem advisable.

**Further Acts.** In the case of lines of credit, to designate additional or alternate individuals as
being authorized to request advances under such lines, and in all cases, to do and perform such
other acts and things, to pay any and all fees and costs, and to execute and deliver such other
documents and agreements as any Authorized Representative may in his or her discretion deem
reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

**NOTICES TO LENDER.** The Authority will promptly notify Lender in writing at Lender’s
address shown above (or such other addresses as Lender may designate from time to time) prior to
any (A) change in the Authority’s name; (B) change in the Authority’s assumed business name(s);
(C) change in the management or in the members of the Authority; (D) change in the authorized
signer(s); (E) change in the Authority’s principal office address; (F) change in the Authority’s
state of organization; (G) conversion of the Authority to a new or different type of business entity;
or (H) change in any other aspect of the Authority that directly or indirectly relates to any
agreements between the Authority and Lender. No change in the Authority’s name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The authorized representatives named above are duly elected, appointed, or employed by or for the Authority, as the case may be, and each occupies the position set opposite his or her name. This Resolution now stands of record on the books of the Authority, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender’s address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Authority’s agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is its genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Authority certify that all statements and representations made in this Resolution are true and correct. This Resolution is dated on this 8th day of March, 2017.

Silicon Valley Clean Energy Authority

By: _____________________________

Rob Rennie
Chair of the Board, Silicon Valley Clean Energy Authority
Staff Report – Item 1d

To: Silicon Valley Clean Energy Authority Board of Directors
From: Greg Stepanicich, General Counsel

Item 1d: Adopt Amended Conflict of Interest Code

Date: 3/8/2017

RECOMMENDATION

Adopt the attached Resolution 2017-06, adopting an amended Conflict of Interest Code.

BACKGROUND & DISCUSSION

At the February 8, 2017 meeting of the Board of Directors, the SVCE Board adopted Resolution 2017-003 which amended its Conflict of Interest Code to designate additional positions that have been added to the Authority’s organization chart. As required by Government Code Section 82011(b) the Santa Clara Board of Supervisors is the code reviewing body for the Authority’s Conflict of Interest Code and the amended Code was submitted to the County for its review. County Counsel recommended that a new disclosure category be added to the code that would not require positions that do not involve real property decision-making from having to report interests in real property they may hold. Based on this recommendation, we have created a new Category 2 disclosure that does not require the disclosure of real property interests for the following positions:

Account Services Manager
Community Outreach Manager
Director of Marketing & Public Affairs
Director of Power Resources
Regulatory/Legislative Analyst

Former Category 2 for consultants has been amended to be Category 3.

After the Board of Directors adopts the amended Conflict of Interest Code, staff will forward the attached resolution and the Authority’s amended Conflict of Interest Code to Santa Clara County for approval. The Board of Supervisors is required to act upon the Conflict of Interest Code within 90 days after receiving the Code for review. The Board of Supervisors may approve the Code as submitted, make revisions, or return the proposed Code to the Authority’s Board of Directors for review and resubmission back to the Board of Supervisors for approval.

ATTACHMENTS

1. Resolution No. 2017-06 Amending the Authority’s Conflict of Interest Code
RESOLUTION NO. 2017-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SILICON VALLEY CLEAN ENERGY AUTHORITY AMENDING THE AUTHORITY’S CONFLICT OF INTEREST CODE

WHEREAS, the Silicon Valley Clean Energy Authority (“Authority”) was formed on March 31, 2016 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Clara County; and

WHEREAS, the Political Reform Act, Government Code Section 81000, et seq., (the “Political Reform Act”) requires each public agency in California, including the Authority, to adopt and promulgate a conflict of interest code; and

WHEREAS, the Fair Political Practices Commission (the “FPPC”) has adopted a regulation that contains the terms of a Model Conflict of Interest Code (the “Model Code”), codified at 2 California Code of Regulations Section 18730. The Model Code can be incorporated by reference by the Authority in its Conflict of Interest Code; and

WHEREAS, the Board of Directors of the Silicon Valley Clean Energy Authority has previously adopted a conflict of interest code pursuant to Resolution No. 2016-01 which was amended by Resolution No. 2016-03; and

WHEREAS, the Silicon Valley Clean Energy Authority further amended its conflict of interest code to add new designated positions by Resolution No. 2017-03; and

WHEREAS, the Board of Directors, after consultation with the County of Santa Clara as its code reviewing body, desires to amend the disclosure categories for certain designated positions to reflect the narrower scope of duties for these positions.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Silicon Valley Clean Energy Authority rescinds Resolution No. 2017-03 and adopts the following attached Conflict of Interest Code including its Appendices of Designated Positions and Disclosure Categories.

BE IT FURTHER RESOLVED that The Board of Directors of the Authority hereby directs the Secretary of the Board to coordinate the preparation of a revised Conflict of Interest Code in succeeding even-numbered years following notice and instructions from the County of Santa Clara as the code-reviewing body for the Authority, in accordance with the requirements of Government Code Sections 87306 and 87306.5. Future revisions to the Conflict of Interest Code should reflect changes in employee or official designations. If no revisions to the Code are required, the Authority shall submit a response as indicated in the instructions provided by the County of Santa Clara no later than October 1st of the same year,
stating that amendments to the Authority’s Conflict of Interest Code are not required.

ADOPTED AND APPROVED this 8th day of March, 2017.

________________________________________
Chair

ATTEST:

________________________________________
Clerk
SILICON VALLEY CLEAN ENERGY AUTHORITY
CONFLICT OF INTEREST CODE

The Political Reform Act (Government Code § 81000, et seq., hereinafter referred to as the Act) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission (“FPPC”) has adopted a regulation (2 California Code of Regulations § 18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency’s code. After public notice and hearing, the standard code may be amended by the FPPC to conform to amendments in the Act. Therefore, the terms of 2 California Code of Regulations § 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This regulation and the text here designating positions and establishing disclosure categories shall constitute the conflict of interest code of the Silicon Valley Clean Energy Authority (“Authority”).


Individuals holding a designated position shall file their Statements of Economic Interests with the Authority’s Filing Official, which will make the Statements available for public inspection and reproduction subject to Government Code section 81008. If Statements are received in signed paper format, the Authority’s Filing Official shall make and retain a copy and forward the original Statements to the Filing Officer, the County of Santa Clara Clerk of the Board of Supervisors. If Statements are electronically filed using the County of Santa Clara's Form 700 e-filing system, both the Authority’s Filing Official and the County of Santa Clara Clerk of the Board of Supervisors will receive access to the e-filed Statements simultaneously.
# DESIGNATED POSITIONS

<table>
<thead>
<tr>
<th>Designated Position</th>
<th>Assigned Disclosure Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member of Board of Directors</td>
<td>1</td>
</tr>
<tr>
<td>Alternate Member of Board of Directors</td>
<td>1</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>1</td>
</tr>
<tr>
<td>General Counsel</td>
<td>1</td>
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<tr>
<td>Account Services Manager</td>
<td>2</td>
</tr>
<tr>
<td>Community Outreach Manager</td>
<td>2</td>
</tr>
<tr>
<td>Director of Administration &amp; Finance</td>
<td>1</td>
</tr>
<tr>
<td>Director of Marketing &amp; Public Affairs</td>
<td>2</td>
</tr>
<tr>
<td>Director of Power Resources</td>
<td>1</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>1</td>
</tr>
<tr>
<td>General Counsel &amp; Director of Government Affairs</td>
<td>1</td>
</tr>
<tr>
<td>Regulatory/Legislative Analyst</td>
<td>2</td>
</tr>
<tr>
<td>Consultant</td>
<td>3</td>
</tr>
<tr>
<td>Newly Created Position</td>
<td>*</td>
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</tbody>
</table>

* Newly Created Position

A newly created position that makes or participates in the making of governmental decisions that may foreseeably have a material effect on any financial interest of the position-holder, and which specific position title is not yet listed in the Authority’s conflict of interest code is included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation: The
Chief Executive Officer of the Authority may determine in writing that a particular newly created position, although a “designated position,” is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the broadest disclosure requirements, but instead must comply with more tailored disclosure requirements specific to that newly created position. Such written determination shall include a description of the newly created position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

As soon as the Authority has a newly created position that must file Statements of Economic Interests, the Authority’s Filing Official shall contact the County of Santa Clara Clerk of the Board of Supervisors Form 700 division to notify it of the new position title to be added in the County’s electronic Form 700 record management system, known as eDisclosure. Upon this notification, the Clerk’s office shall enter the actual position title of the newly created position into eDisclosure and the Authority’s Filing Official shall ensure that the name of any individual(s) holding the newly created position is entered under that position title in eDisclosure.

Additionally, within 90 days of the creation of a newly created position that must file Statements of Economic Interests, the Authority shall update this conflict-of-interest code to add the actual position title in its list of designated positions, and submit the amended conflict of interest code to the County of Santa Clara Office of the County Counsel for code-reviewing body approval by the County Board of Supervisors. (Gov. Code Sec. 87306.)
Designated positions must report financial interests in accordance with the assigned disclosure categories.

**Category 1:** Persons in this category shall disclose:

(a) investments and business positions in business entities, and income (including gifts, loans, and travel payments) from sources that contract with the Authority, or that provide, plan to provide, or have provided during the previous two years, facilities, goods, technology, equipment, vehicles, machinery, or services, including training or consulting services, of the type utilized by the Authority; and

(b) all interests in real property located: in whole or in part within the jurisdiction of the Silicon Valley Clean Energy Authority, or within two miles of the borders of any of the parties to the Joint Powers Agreement for the Authority, or within two miles of any land owned or used by the Authority.

**Category 2:** Persons in this category shall disclose investments and business positions in business entities, and income (including gifts, loans, and travel payments) from sources that contract with the Authority, or that provide, plan to provide, or have provided during the previous two years, facilities, goods, technology, equipment, vehicles, machinery, or services, including training or consulting services, of the type utilized by the Authority.

**Category 3:** Each Consultant, as defined for purposes of the Political Reform Act, shall disclose pursuant to the broadest disclosure category in the Authority’s conflict of interest code subject to the following limitation: The Chief Executive Officer of the Authority may determine in writing that a particular consultant, although a “designated position,” is hired to perform a range of duties that are limited in scope and thus is not required to comply fully with the disclosure requirements of the broadest disclosure category, but instead must comply with more tailored disclosure requirements specific to that consultant. Such a written determination shall include a description of the consultant’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer’s written determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.
Staff Report – Item 1e

To: Silicon Valley Clean Energy Authority Board of Directors
From: Tom Habashi, CEO

Item 1e: Approve Amended Engagement Letter with Troutman Sanders LLP
Date: 3/8/2017

RECOMMENDATION

Authorize the Chief Executive Officer to approve amendment to a letter of engagement with Troutman Sanders LLP for ongoing review of power supply contracts.

BACKGROUND

In November 2016, Silicon Valley Clean Energy (SVCE) entered into a letter of engagement with Troutman Sanders LLP to support negotiation with power suppliers. In the past three months, SVCE has executed eight contracts with several power suppliers for the energy and capacity required to meet all or a portion of SVCE’s demand in the next five years.

ANALYSIS & DISCUSSION

Power supply expenses comprise roughly 95% of SVCE’s operating expenses and thus requires continuous analysis to minimize the risk of market price fluctuation. The best strategies to minimize risk are the diversification of power suppliers and staggering supply acquisition over time. This requires ongoing negotiation with counter parties, necessitating constant need for legal review. Stephen Hall of Troutman Sanders has the requisite expertise to support that effort and has agreed to represent SVCE’s interest in accordance to the terms included in the engagement letter.

ATTACHMENTS

1. Troutman Sanders LLP Amended Engagement Letter
February 24, 2017

VIA EMAIL

Tom Habashi, CEO
Silicon Valley Clean Energy Authority
333 W. El Camino Real, Suite 290
Sunnyvale, CA 94087

Re: Troutman Sanders LLP’s Representation of Silicon Valley Clean Energy Authority

Dear Tom:

We are pleased that you have requested Troutman Sanders LLP (the “Firm”) to continue providing legal services to Silicon Valley Clean Energy Authority ("SVCEA") and we thank you for the opportunity to be of assistance.

The purpose of this Amended Engagement Letter (the “Agreement”) is to verify your approval as to the scope of our engagement, the financial terms of our engagement, and all other aspects of this engagement, as follows:

1. Scope of Engagement. By means of this Agreement, SVCEA is engaging the Firm to continue to provide legal services in connection with SVCEA’s procurement of energy, renewable energy and related products, including the review, drafting, revision, negotiation, and finalization of (i) EEI Master Agreements and Cover Sheets, amendments to the WSPP agreement, confirmations and any supporting credit documentation such as parent guarantees and letters of credit (collectively, the “Energy Supply Agreements”), (ii) the deposit account control agreement, intercreditor and collateral agency agreement, and security agreement entered into by SVCEA in its 2016 Energy Services Request for Proposals (the “Lockbox Agreements”), and (iii) miscellaneous legal advice, analysis or services related to the foregoing (“Other Services”). The legal services relating to the Energy Supply Agreements, the Lockbox Agreements, and the Other Services are collectively referred to below as the “Engagement.”

2. Fees and Hourly Rates.

A. SVCEA agrees to a fee of $2,500 per calendar month for the following scope of representation, payable to the Firm, beginning with the month you sign this Agreement:
Legal services related to the Engagement not to exceed five hours per month, including telephone or email consultations.

B. Any legal services exceeding five hours per calendar month will be charged based on the fixed fees set forth below for eligible services:

- NDA or confidentiality agreement (review of counterparty form) - $250
- Letter of Credit or Parent Guaranty (review of counterparty form) - $250
- EEI Cover Sheet (no Collateral Annex) (review and revise; discuss with client; negotiate with counterparty as required) - $1,800
- EEI Cover Sheet (including Collateral Annex) (review and revise; discuss with client; negotiate with counterparty, as required) - $2,400

C. Any legal services exceeding five hours per calendar month that are not eligible for fixed fees set forth above are subject to hourly rates as follows: Stephen Hall ($575/hr) and hourly rates for additional Troutman Sanders attorneys will be provided for approval in advance of services.

The Firm’s hourly rates are modified by us from time to time, typically once a year, and any new rates would be implemented immediately after they are adopted, but no earlier than January 1, 2018, and would apply to legal services rendered after the effective date of the new rates which will be reflected on your bill.

We believe that our hourly rates are comparable with the rates charged for the same kinds of work by lawyers and other professionals of similar experience, expertise and standing. We try to use associate and paralegal support on projects where appropriate, and we will be happy to discuss the staffing of your project with you.

We will charge for all activities undertaken in providing legal services to you under this Agreement, including but not limited to the following: conferences, including preparation and participation; preparation and review of correspondence and other documents; legal research; court and other appearances; including preparation and participation; and telephone calls, including calls with you, other attorneys or persons involved with this matter, and governmental agencies. The legal personnel assigned to your matter will confer among themselves about the matter, as required. When they do confer, each person will charge for the time expended. Likewise, if more than one of our legal personnel attends a meeting, court hearing or other proceeding, each will charge for the time spent. We will charge for travel time, both local and out of town.

Please note that the above fee schedule with monthly fee and fixed fees is intended solely for the mutual convenience of both the Firm and SVCEA. Either party may cancel
the fee arrangement under A or B above for convenience at any time and for any reason by providing thirty (30) days advance written notice to the other party prior to the cancellation date. Upon such cancellation, any legal services provided in connection with the Engagement will be charged at the hourly rates provided above.

3. Additional Services and Outside Expenditures. If our legal representation requires additional services provided by vendors, we will obtain your advance approval before incurring any such additional services on your behalf. You will be required either to pay for these outside additional services directly, or to reimburse us if we make payment for these services on your behalf. We sometimes will make payment for, and then bill you for reimbursement of smaller items such as filing fees, photocopying by outside copying services, electronic discovery services, recording fees, messenger services, service of process, and court fees. When there are substantial expenditures involving vendors (such as for discovery management, document production, depositions, expert witnesses, exhibit preparation, or air fare) or substantial out-of-pocket expenditures (such as extended field expenses, large outside copying jobs, or jury fees), we will require either that you pay those sums to us before we expend them, that you provide an advance deposit for such expenditures, or that you directly contract with and pay the vendor. You will not be billed for any internal Firm costs incurred on your behalf, such as telephone (including long distance charges), telecopy charges, word processing, secretarial overtime, firm couriers, postage (including FedEx, UPS or similar overnight delivery services), printing and photocopying performed in-house.

4. Monthly Statements and Payment Terms. Our practice will be to send a monthly statement of our charges for legal services and for reimbursement of payments made on our client’s behalf for outside additional services. The detail in the monthly statement will inform you of the nature and progress of our work and of the charges and expenditures being incurred.

Unless otherwise agreed, each monthly statement is fully due and payable upon receipt, but in no event later than thirty days after its issuance date.

We specifically reserve the right to withdraw from representation of you and to cease performing immediately all services if we do not receive full payment of any amounts owed to us within thirty days of any statement.

5. Withdrawal From Representation. The attorney-client relationship is one of mutual trust and confidence. If you have any questions at all about the provisions of this Agreement, we invite your inquiries. We encourage our clients to inquire about any matter relating to our engagement agreements or monthly statements which may be in any way unclear or appear unsatisfactory. If you do not meet your obligation of timely payments or deposits under this Agreement, we reserve the right to withdraw from your representation on that basis alone, subject of course to any required judicial, administrative, or other approvals.
This Agreement is also subject to termination by either party upon reasonable notice for any reason. If there were to be such a termination, however, you would remain liable for all unpaid charges for services provided and expenditures advanced or incurred.

6. Duties Upon Termination of Active Representation. Upon termination of our active involvement in a particular matter for which we had previously been engaged, we will have no further duty to inform you of future developments or changes in law which may be relevant to such matter in which our representation has terminated. Further, unless you and the Firm agree in writing to the contrary, we will have no obligation to monitor renewal or notice dates or similar deadlines which may arise from the matters for which we had been engaged. If your matter involves obtaining a judgment and such judgment is obtained, we will only be responsible for those post judgment services (such as recording abstracts, filing judgment liens, and calendaring renewals of judgments) as are expressly agreed to by you and the Firm in writing and for which you will be obligated to pay.

7. Document Storage Policies. The Firm’s policy with regard to documents and other materials at the conclusion of a matter is to maintain them in storage for a period of no more than ten years. All documents and other materials in our file will then be destroyed or discarded without notice to you. Accordingly, if there are any documents or other materials you wish to have retrieved from your file at the conclusion of a matter, it will be necessary for you to advise us of that request to ensure that they are not destroyed.

8. Consent to Electronic Communications. In order to maximize efficiency in this matter, we intend to use state of the art communications devices to the fullest extent possible (e.g., E-Mail, document transfer by computer, cellular telephones, and facsimile transfers). The use of such devices under current technology may place your confidences and privileges at risk. However, we believe the effectiveness involved in use of these devices outweighs the risk of accidental disclosure. By signing this letter, you acknowledge your consent to the use of these devices.

9. Disclaimer of Guarantee. Nothing in this Agreement should be construed as a promise or guarantee about the outcome of any matter which we are handling on your behalf. Our comments about the outcome of your matter are expressions of opinion only. If we should provide you with an estimate of the fees and costs which may be incurred in connection with our representation of you, it is important that you understand and acknowledge that any such estimate is merely an estimate based on numerous assumptions which may or may not prove to be correct and that any estimate is not a guarantee or agreement of what the maximum amount of fees and/or costs will be.

10. Future Matters. Unless otherwise agreed in writing between us, all other matters referred to us for representation shall be governed by the terms of this Agreement.
11. Entire Agreement. This Agreement contains all terms of the agreement between us applicable to our representation of you, and may not be modified except by a written agreement signed by both of us.

12. Future Conflict. Our undertaking to represent you in the above matters will not act as a bar so as to prevent us from representing any existing or future client with respect to a claim, litigation or transaction adverse to you, so long as in the course of our representation of you we have not obtained any information that would be adverse to your interests with respect to such claim, litigation or transaction.

13. Client. The Firm’s clients for the purpose of our representation are only the persons and entities identified in this Agreement. Unless expressly agreed, we are not undertaking the representation of any related or affiliated person or entity, nor any of their shareholders, partners, officers, directors, agents, or employees.

If this Agreement correctly sets forth your understanding of the scope of the services to be rendered to you by the Firm and if all of the terms set forth in this Agreement are satisfactory, then please sign this Agreement and return it to me so that we will be engaged as your legal counsel. If the scope of services described is incorrect, or if the terms set forth are not satisfactory to you, please let us know in order that we can discuss either aspect.

We look forward to working with you and thank you once again for the opportunity to be of service.

Sincerely,

TROUTMAN SANDERS LLP

I have read and understand the contents of this letter and consent to the Firm representing me on the terms set forth in this letter.

SILICON VALLEY CLEAN ENERGY AUTHORITY:

Dated:______________, 2017
By:_____________________
Name: Tom Habashi
Title: CEO
To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1f: Approve Confirmation Agreements with Sonoma Clean Power and Pacific Gas and Electric Company to Acquire Resource Adequacy Capacity for 2017

Date: 3/8/2017

RECOMMENDATION

Authorize the Chief Executive Officer to execute agreements for the purchase of Resource Adequacy Capacity as necessary to meet SVCE’s regulatory obligations, with terms consistent with those contained in the attached agreements.

BACKGROUND & DISCUSSION

SVCE must ensure sufficient generation capacity is available to reliably meet the electric needs of its customers. Under the state’s Resource Adequacy program, all load serving entities must commit to making electric generators available for dispatch by the California Independent System Operator (CAISO). Resource Adequacy Capacity is a separate product from energy, and no entitlements to energy or other attributes are conveyed through purchase of Resource Adequacy Capacity. The Resource Adequacy Capacity obligation is equivalent to 115% of the load serving entity’s projected peak demand for each month. A portion of the total Resource Adequacy obligation must be met with Resource Adequacy Capacity meeting certain locational and operational attributes in order to support local area reliability and ensure that sufficient amounts of flexible generating units are available for dispatch by the CAISO.

SVCE will need to make month-ahead and year-ahead filings to the California Public Utilities Commission (CPUC) demonstrating its compliance with the Resource Adequacy program. SVCE initiated compliance with the Resource Adequacy program in December 2016, by submitting its 2017 load forecast to the California Energy Commission. In January 2017, SVCE received its initial Resource Adequacy Compliance obligations for 2017 from the CPUC. The first monthly compliance filing was made on February 15 for the April compliance month and a portion of Resource Adequacy Capacity for future months has already been filled.

SVCE staff and consultants have negotiated additional Resource Adequacy contracts with Sonoma Clean Power (SCP) and Pacific Gas and Electric Company (PG&E) sufficient to meet the majority of the remaining FY 2017 obligation.

Additional contracts with other sellers may be completed throughout the year as SVCE’s final monthly requirements become known, and it is anticipated that these purchases can be made using a Master EEI Agreement or Confirmation Agreement.

CONCLUSION
SVCE has a regulatory compliance obligation necessitating execution of contracts for Resource Adequacy Capacity. Board authorization for purchase of Resource Adequacy Capacity and approval of the attached forms of agreement, will enable compliance with SVCE’s Resource Adequacy obligations.

ATTACHMENTS
1. Master Power Purchase and Sale Agreement Confirmation Letter between Sonoma Clean Power and Silicon Valley Clean Energy Authority
2. Master Power Purchase and Sale Agreement Cover Sheet between Pacific Gas and Electric Company and Silicon Valley Clean Energy Authority
3. Credit Elections Cover Sheet between Pacific Gas and Electric Company and Silicon Valley Clean Energy Authority
4. Confirmation Agreement between Pacific Gas and Electric Company and Silicon Valley Clean Energy Authority
MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER
BETWEEN
SONOMA CLEAN POWER AUTHORITY
AND
SILICON VALLEY CLEAN ENERGY AUTHORITY

This confirmation letter ("Confirmation") confirms the Transaction between Sonoma Clean Power Authority ("Seller") and Silicon Valley Clean Energy Authority ("Buyer"), each individually a "Party" and together the "Parties", dated as of March __, 2017 (the "Confirmation Effective Date") in which Seller agrees to provide to Buyer the Product, as such term is defined in Article 3 of this Confirmation. This Transaction shall be subject to the terms and conditions of the WSPP Agreement, to which both Seller and Buyer are members, in effect as of the Confirmation Effective Date and as amended from time to time (the "Master Agreement"). The Master Agreement and this Confirmation shall be collectively referred to herein as the "Agreement." Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the Master Agreement or the Tariff (defined herein below).

ARTICLE 1
DEFINITIONS

1.1 "Alternate Capacity" means any replacement Product which Seller has elected to provide to Buyer in accordance with the terms of Section 4.5.

1.2 "Applicable Laws" means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body having jurisdiction over one or both Parties or this Transaction, including without limitation, the Tariff.

1.3 "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.

1.4 "Buyer" has the meaning specified in the introductory paragraph hereof.

1.5 "CAISO" means the California Independent System Operator Corporation or its successor.

1.6 "Capacity Replacement Price" means (a) the price actually paid for any Replacement Capacity purchased by Buyer pursuant to Section 4.7 hereof, plus costs reasonably incurred by Buyer in purchasing such Replacement Capacity, or (b) absent a purchase of any Replacement Capacity, the market price for such Designated RA Capacity not provided at the Delivery Point. The Buyer shall determine such market prices in a commercially reasonable manner.

1.7 "Confirmation" has the meaning specified in the introductory paragraph hereof.

1.8 "Confirmation Effective Date" has the meaning specified in the introductory paragraph hereof.

1.9 "Contingent Firm RA Product" has the meaning specified in Section 3.3 hereof.

1.10 "Contract Price" means, for any Monthly Delivery Period, the price for such Monthly Delivery Period as specified in the RA Capacity Price Table set forth in Section 4.9.

1.11 "Contract Quantity" means, with respect to any particular Showing Month of the Delivery Period, the amount of Product (in MWs) set forth in table in Section 4.3 which Seller has agreed to provide to Buyer from the Unit for such Showing Month.
1.12  “CPUC Decisions” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050 and subsequent decisions related to resource adequacy, as may be amended from time to time by the CPUC.

1.13  “CPUC Filing Guide” means the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE’s to demonstrate compliance with the CPUC’s resource adequacy program.

1.14  “Delivery Period” has the meaning specified in Section 4.1 hereof.

1.15  “Delivery Point” has the meaning specified in Section 4.2 hereof.

1.16  “Designated RA Capacity” shall be equal to, for each day during any particular Showing Month of the Delivery Period, the Contract Quantity of Product for such Showing Month including the amount of Contract Quantity that Seller has elected to provide Alternate Capacity with respect to, minus any reductions to Contract Quantity specified in Section 4.4 with respect to which Seller has not elected to provide Alternate Capacity.

1.17  “Effective Flexible Capacity” means, for so long as such term is not defined in the Tariff, the flexible capacity of a resource that can be counted towards an LSE’s FCR obligation and, if after the Confirmation Effective Date, such term is defined in the Tariff, from and after the date on which such term is defined in the Tariff, “Effective Flexible Capacity” has the meaning specified for such term in the Tariff.

1.18  “Flexible Capacity Requirements” or “FCR” means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by an LRA or other Governmental Body having jurisdiction.

1.19  “Flexible RA Product” means Designated RA Capacity consisting of FCR Attributes, and, if applicable, LAR Attributes and/or RAR Attributes.

1.20  “FCR Attributes” means, with respect to a Unit, any and all flexible resource adequacy attributes that can be counted toward an LSE’s FCR, as they are identified from time to time by the CPUC Decisions, the Tariff, an LRA, or other Governmental Body having jurisdiction, exclusive of any LAR Attributes and any RAR Attributes.

1.21  “FCR Showings” means the FCR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions and the Tariff, or to an LRA having jurisdiction over the LSE.

1.22  “Generic RA Product” means Designated RA Capacity consisting of RAR Attributes and, if applicable, LAR Attributes, but not FCR Attributes.

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

1.24  “LAR” means local area reliability, which is any program of localized resource adequacy requirements established for jurisdictional LSEs by the CPUC pursuant to the CPUC Decisions, or by another LRA having jurisdiction over the LSE, as implemented in the Tariff. LAR may also be known as local resource adequacy, local RAR, or local capacity requirement (“LCR”) in other regulatory proceedings or legislative actions.
1.25  “LAR Attributes” means, with respect to a Unit, any and all resource adequacy attributes (or other locational attributes related to system reliability), as they are identified from time to time by the CPUC Decisions, CAISO, LRA, or other Governmental Body having jurisdiction, associated with the physical location or point of electrical interconnection of the Unit within the CAISO Control Area, that can be counted toward LAR, but exclusive of any RAR Attributes which are not associated with where in the CAISO Control Area the Unit is physically located or electrically interconnected. For clarity, it should be understood that if the CAISO, LRA, or other Governmental Body, defines new or re-defines existing local areas, then such change will not result in a change in payments made pursuant to this Transaction.

1.26  “LAR Showings” means the LAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions and the Tariff, or to an LRA having jurisdiction over the LSE.

1.27  “LRA” has the meaning set forth in the Tariff for the term “Local Regulatory Authority”.

1.28  “LSE” has the meaning specified in the Tariff for the term “Load Serving Entity”.

1.29  “Master Agreement” has the meaning specified in the introductory paragraph hereof.

1.30  “Monthly Delivery Period” means each calendar month during the Delivery Period and shall correspond to each Showing Month.

1.31  “Net Qualifying Capacity” has the meaning set forth in the Tariff.

1.32  “Non-Availability Charges” are as defined in the Tariff.

1.33  “Notification Deadline” means, for each Showing Month, the date that is fifteen (15) days before the earlier of the relevant deadlines for (a) the corresponding RAR Showings, FCR Showings and/or LAR Showings for such Showing Month, and (b) the Supply Plan filings applicable to that Showing Month.

1.34  “Outage” means any CAISO approved disconnection, separation, or reduction in the capacity of any Unit that relieves all or part of the offer obligations of the Unit consistent with the Tariff. For the avoidance of doubt, Outage shall be deemed to include Planned Outage (defined below).

1.35  “Planned Outage” means, subject to and as further described in the Tariff, a CAISO-approved planned or scheduled disconnection, separation or reduction in capacity of the Unit that is conducted for the purposes of carrying out routine repair or maintenance of such Unit.

1.36  “Product” has the meaning specified in Article 3 hereof.

1.37  “RA Capacity” means the qualifying and deliverable capacity of the Unit for RAR, and if applicable, LAR, and FCR purposes for the Delivery Period, as determined by the CAISO, or other Governmental Body authorized to make such determination under Applicable Laws. RA Capacity encompasses the applicable RAR Attributes, and if applicable, LAR Attributes and FCR Attributes of the capacity provided by a Unit.

1.38  “RA Capacity Payment” has the meaning specified in Section 4.9 hereof.

1.39  “RAR” means the resource adequacy requirements, exclusive of LAR established for LSEs by the CPUC pursuant to the CPUC Decisions, or by an LRA or other Governmental Body having jurisdiction.
1.40 “RAR Attributes” means, with respect to a Unit, any and all resource adequacy attributes, as identified and existing as of the Confirmation Effective Date by the Tariff, CPUC Decisions, LRA, or any Governmental Body having jurisdiction that can be counted toward RAR, exclusive of any LAR Attributes and FCR Attributes.

1.41 “RAR Showings” means the RAR compliance showings (or similar or successor showings) an LSE is required to make to the CPUC (and/or, to the extent authorized by the CPUC, to the CAISO), pursuant to the Tariff or CPUC Decisions, or to an LRA having jurisdiction.

1.42 “Replacement Capacity” has the meaning specified in Section 4.7(a) hereof.

1.43 “Replacement Unit” means any generating unit meeting the requirements specified in Section 4.5.

1.44 “Resource Category” shall be as described in the CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.

1.45 “Scheduling Coordinator” has the same meaning as in the Tariff.

1.46 “Seller” has the meaning specified in the introductory paragraph hereof.

1.47 “Showing Month” shall be the calendar month during the Delivery Period that is the subject of the RAR Showing, LAR Showing, and/or FCR Showing, as applicable, as set forth in the CPUC Decisions or Tariff. For illustrative purposes only, the monthly RAR Showing made in June is for the Showing Month of August.

1.48 “Supply Plan” has the meaning specified in the Tariff.

1.49 “Tariff” means the tariff and protocol provisions of the CAISO, as amended or supplemented from time to time. For purposes of Article 5, the Tariff refers to the tariff and protocol provisions of the CAISO as they exist on the Confirmation Effective Date.

1.50 “Transaction” has the meaning specified in the introductory paragraph hereof.

1.51 “Unit” or “Units” shall mean the generation assets described in Article 2 hereof (including any Replacement Units), from which RA Capacity is provided by Seller to Buyer.

1.52 “Unit NQC” means the Net Qualifying Capacity set by the CAISO for the applicable Unit. If the CAISO adjusts the Net Qualifying Capacity of a Unit after the Confirmation Effective Date, then for the period in which the adjustment is effective, the Unit NQC shall be deemed the lesser of (i) the Unit NQC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Net Qualifying Capacity.

1.53 “Unit EFC” means the Effective Flexible Capacity set by the CAISO for the applicable Unit. If the CAISO adjusts the Unit EFC after the Confirmation Effective Date, then for the period in which the adjustment is effective, the Unit EFC shall be deemed the lesser of (i) the Unit EFC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Effective Flexible Capacity.
ARTICLE 2
UNIT INFORMATION

Name: [Redacted]
Location: [Redacted]
CAISO Resource ID: [Redacted]
Resource Type: [Redacted]
Resource Category (1, 2, 3 or 4): 4
Point of interconnection with the CAISO Controlled Grid ("Substation"): [Redacted]
Path 26 (North, South or None): North
Local Capacity Area (if any, as of Confirmation Effective Date): N/A
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment:
None
Run Hour Restrictions: None
Product Type (Flexible/Generic): Generic
If Generic: Unit NQC (as of the Confirmation Effective Date): [Redacted]
If Flexible: Unit EFC (as of the Confirmation Effective Date): N/A
Flexible Capacity Category (1, 2 or 3):

ARTICLE 3
RESOURCE ADEQUACY CAPACITY PRODUCT

3.1 During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Confirmation, the Designated RA Capacity in accordance with the product types selected in Section 3.2 (the "Product") and the Contract Quantity set forth in Section 4.3. The Product does not confer to Buyer any right to the electrical output from the Units, other than the right to include the Designated RA Capacity associated with the Contract Quantity in RAR Showings, LAR Showings, and/or FCR Showings, as applicable, and any other capacity or resource adequacy markets or proceedings as specified in this Confirmation. Specifically, no energy or ancillary services associated with any Unit is required to be made available to Buyer as part of this Transaction, and Buyer shall not be responsible for compensating Seller for Seller's commitments to the CAISO required by this Confirmation. Seller retains the right to sell pursuant to the Tariff any RA Capacity from a Unit that is in excess of that Unit's Contract Quantity and any RAR Attributes, LAR Attributes, or FCR Attributes not otherwise transferred, conveyed, or sold to Buyer under this Confirmation.

3.2 Product Type

☐ Flexible RA Product
The Designated RA Capacity is a Flexible RA Product. For avoidance of doubt, the Flexible RA Product to be delivered by Seller to Buyer hereunder, shall include the following Product attributes:
[ ] FCR Attributes with LAR Attributes
[ ] FCR Attributes with RAR Attributes

☑ Generic RA Product

The Designated RA Capacity is a Generic RA Product. For avoidance of doubt, the Generic RA Product to be delivered by Seller to Buyer hereunder, shall include the following Product attributes:

[X] RAR Attributes
[ ] LAR Attributes

3.3 Delivery Obligation

☑ Contingent Firm RA Product

Seller shall provide Buyer with RA Capacity from the Units in the amount of the applicable Contract Quantity unless the Units are not available to provide the full amount of the Contract Quantity on account of an Outage or a reduction in the Unit NQC or Unit EFC, in which case Seller may either reduce the Contract Quantity or provide Buyer with Designated RA Capacity from one or more Replacement Units, as more particularly described in Section 4.5 hereof.

ARTICLE 4
DELIVERY AND PAYMENT

4.1 Delivery Period

The Delivery Period is: May 1, 2017 through June 30, 2017, inclusive.

4.2 Delivery Point

The Delivery Point for each Unit shall be the CAISO Control Area, and if applicable, the LAR region in which the Unit is electrically interconnected.
4.3 Contract Quantity

The Contract Quantity of each Unit for each Monthly Delivery Period shall be:

<table>
<thead>
<tr>
<th>Month</th>
<th>RAR Contract Quantity (MWs)</th>
<th>FCR Contract Quantity (MWs)</th>
<th>Local RAR Contract Quantity (MWs)</th>
<th>Local FCR Contract Quantity (MWs)</th>
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<td>December</td>
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4.4 Adjustments to Contract Quantity

(a) Planned Outages: If Seller is unable to provide the applicable Contract Quantity for all or a portion of a Showing Month due to a Planned Outage of a Unit, then Seller shall have the option, but not the obligation, upon written notice to Buyer by the Notification Deadline, to either (a) reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month; or (b) provide Alternate Capacity up to the Contract Quantity for the applicable portion of such Showing Month.

(b) Reductions in Unit NQC: If Product is both (i) Generic RA Product, and (ii) Contingent Firm RA Product, then Seller’s obligation to deliver the applicable Contract Quantity for any Showing Month may also be reduced by Seller if the Unit experiences a reduction in Unit NQC as determined by the CAISO. If the Unit experiences such a reduction in Unit NQC, then Seller has the option, but not the obligation, to provide the applicable Contract Quantity for such Showing Month from (i) the same Unit, provided the Unit has sufficient remaining and available Product and/or (ii) from Replacement Units, provided, that in each case Seller provides and identifies such Replacement Units in accordance with Section 4.5.

(c) If Product is both (i) Flexible RA Product specified under Section 3.2, and (ii) Contingent Firm RA Product specified under Section 3.3, then Seller’s obligation to deliver the applicable Contract Quantity for any Showing Month may also be reduced if the Unit experiences a reduction in Unit EFC or Unit NQC as determined by the CAISO. If the Unit experiences such a reduction in Unit EFC or Unit NQC, then Seller has the option, but not the obligation, to provide the applicable Contract Quantity for such Showing Month from (i) the same Unit, provided the Unit has...
sufficient remaining and available Product and/or (ii) Alternate Capacity up to the Contract Quantity.

4.5 Alternate Capacity and Replacement Units

(a) If Seller is unable to provide the full Contract Quantity for any Showing Month for any reason, including, without limitation, due to one of the reasons specified in Section 4.4, or Seller desires to provide the Contract Quantity for any Showing Month from a different generating unit other than the Unit, then Seller, at no additional cost to Buyer, may provide Buyer with Alternate Capacity from one or more Replacement Units, with the total amount of Product provided to Buyer from the Unit and Replacement Units up to an amount equal to the Contract Quantity for the applicable Showing Month. If Seller elects or is required to provide any portion of the Contract Quantity from Replacement Units, Seller must notify Buyer of its intent to provide Alternate Capacity no later than the Notification Deadline. If Seller notifies Buyer in written as to the particular Replacement Units and such Units meet the requirements of this Section 4.5, then such Replacement Units shall be automatically deemed a Unit for purposes of this Confirmation for that Showing Month and Seller shall not be liable to Buyer or any other party for damages, including any cover costs, and/or required to indemnify Buyer for costs, penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof if and only if Seller has provided Buyer with timely notice pursuant to this Section 4.5(a) of Seller’s intent not to provide Alternate Capacity in an amount equal to the Contract Quantity of that Showing Month.

(b) If Seller is unable to provide the full Contract Quantity for any Showing Month for any reason, including, without limitation, due to one of the reasons specified in Section 4.4 and Seller does not provide Buyer with Alternate Capacity from one or more Replacement Units, with the total amount of Product provided to Buyer from the Unit and Replacement Units in an amount equal to the full Contract Quantity for that Showing Month, then Buyer may, but shall not be required to, purchase Replacement Capacity.

4.6 Delivery of Product

Seller shall provide Buyer with the Designated RA Capacity of Product for each Showing Month consistent with the following:

(a) Seller shall, on a timely basis, submit, or cause the Unit’s Scheduling Coordinator to submit, Supply Plans to identify and confirm the Designated RA Capacity provided to Buyer for each Showing Month so that the total amount of Designated RA Capacity identified and confirmed for such Showing Month equals the Designated RA Capacity, unless specifically requested not to do so by the Buyer.

(b) Seller shall or shall cause the Unit’s Scheduling Coordinator to submit written notification to Buyer, no later than the Notification Deadline, that Buyer will be credited with the Designated RA Capacity for such Showing Month in the Unit’s Scheduling Coordinator Supply Plan so that the Designated RA Capacity credited equals the Designated RA Capacity for such Showing Month.

4.7 Damages for Failure to Provide Designated RA Capacity

If Seller fails to provide Buyer with the Designated RA Capacity of Product for any Showing Month and such failure is not excused by the terms of this Confirmation, then the following shall apply:

(a) Buyer may, but shall not be required to, replace any portion of the Designated RA
Capacity not provided by Seller with capacity having equivalent RAR Attributes, LAR Attributes and/or FCR Attributes as the Designated RA Capacity not provided by Seller; provided, however, that if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having solely RAR Attributes and no LAR Attributes or FCR Attributes, and no such RA Capacity is available, then Buyer may replace such portion of the Designated RA Capacity with capacity having any applicable FCR Attributes and/or LAR Attributes (“Replacement Capacity”). Buyer may enter into purchase transactions with one or more parties to replace any portion of Designated RA Capacity not provided by Seller so long as such transactions are done at prevailing market prices. Additionally, Buyer may enter into one or more arrangements to repurchase its obligation to sell and deliver capacity to another party, and, to the extent such transactions are done at prevailing market prices, such arrangements shall be considered equivalent to the procurement of Replacement Capacity. Buyer shall use commercially reasonable efforts to minimize damages when procuring any Replacement Capacity.

(b) Seller shall pay to Buyer an amount equal to the positive difference, if any, between (i) the sum of (A) the Replacement Capacity times the Capacity Replacement Price, and (B) the Designated RA Capacity not provided by Seller (less any Replacement Capacity) times the Capacity Replacement Price; and (ii) the Designated RA Capacity not provided by Seller times the Contract Price for that month. If Seller fails to pay these damages, then Buyer may offset those damages owed it against any future amounts it may owe to Seller under this Confirmation pursuant to the WSPP Agreement. Seller will not be in breach of this Agreement for any failure to provide any Designated RA Capacity so long as Seller complies with the provisions of this Section 4.7.

4.8 Indemnities for Failure to Deliver Contract Quantity

Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC or the CAISO, without duplication of amounts included in Section 4.7(b), resulting from any of the following:

(a) Seller’s failure to provide any portion of the Designated RA Capacity if such failure is not excused under the terms of the Product or by Buyer’s failure to perform;

(b) Seller’s failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Section 4.5;

(c) A Unit Scheduling Coordinator’s failure to submit timely Supply Plans that identify Buyer’s right to the Designated RA Capacity purchased hereunder;

(d) A Unit Scheduling Coordinator’s failure to submit accurate Supply Plans that identify Buyer’s right to the Designated RA Capacity purchased hereunder.

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

Buyer shall make a RA Capacity Payment to Seller for each Unit, in arrears, after the applicable Showing Month. Each Unit's RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for the Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000 rounded to the nearest penny (i.e., two decimal places); provided, however, that the Monthly RA Capacity Payment shall be prorated to reflect any portion of Designated RA Capacity that was not delivered pursuant to Sections 4.4 and 4.5 at the time of the CAISO filing for the respective Showing Month.

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<th>Contract Year/Month</th>
<th>RA Capacity Flat Price ($/kW-month)</th>
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<td>December</td>
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4.10 Allocation of Other Payments and Costs

Seller shall be entitled to receive and retain all revenues that Buyer is not expressly entitled to receive pursuant to this Agreement, including all revenues that Seller may receive from the CAISO or any other third party with respect to any Unit for (a) start-up, shut-down, and minimum load costs, (b) revenue for ancillary services, (c) energy sales, (d) revenues for black start or reactive power services, or (e) the sale of the unit-contingent call rights on the generation capacity of the Unit to provide energy to a third party, so long as such rights do not confer on such third party the right to claim any portion of the RA Capacity sold hereunder in order to make an RAR Showing, LAR Showing, FCR Showing, or any similar capacity or resource adequacy showing with the CAISO or CPUC. Buyer acknowledges and agrees that all Availability Incentive Payments are for the benefit of Seller and for Seller's account, and that Seller shall receive, retain, or be entitled to receive all credits, payments, and revenues, if any, resulting from Seller achieving or exceeding Availability Standards. The Parties acknowledge and agree that any Non-Availability Charges are the responsibility of Seller, and for Seller's account and Seller shall be responsible for all fees, charges, or penalties, if any, resulting from Seller failing to achieve Availability Standards. If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit Designated RA Capacity provided to Buyer pursuant to this Confirmation for resale in such market, and retain and receive any and all related revenues.
ARTICLE 5  
CAISO OFFER REQUIREMENTS

During the Delivery Period, except to the extent any Unit is in an Outage, or is affected by an event of Force Majeure that results in a partial or full Outage of that Unit, Seller is responsible for either scheduling or causing the Unit’s Scheduling Coordinator to schedule with, or make available to, the CAISO each Unit’s Designated RA Capacity in compliance with the Tariff, and performing, or causing the Unit’s Scheduling Coordinator, owner, or operator, as applicable, to perform, all obligations under the Tariff that are associated with the sale of Designated RA Capacity hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit’s Scheduling Coordinator, owner, or operator to comply with such Tariff provisions, including any penalties or fines imposed on Seller or the Unit’s Scheduling Coordinator, owner, or operator for such noncompliance.

ARTICLE 6  
CHANGE IN LAW

If any statutes, rules, regulations, permits or authorizations are enacted, amended, granted or revoked which have the effect of changing the transfer and sale procedure for Product set forth in this Confirmation so that the implementation of this Confirmation becomes impossible or impracticable, or if a new product that is a derivative of the Product(s) contracted for herein is created, the Parties hereto agree to negotiate in good faith to amend this Confirmation, to conform with such new statutes, regulations, or rules in order to maintain the original intent of the Parties under this Confirmation or to provide Buyer with Product pursuant to another program if possible; provided, however, that neither Party shall be obligated to enter into any such amendment except in its sole discretion.

ARTICLE 7  
OTHER BUYER AND SELLER COVENANTS

7.1 Further Assurances

Buyer and Seller shall, throughout the Delivery Period, take all commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer’s right to the use of the Contract Quantity for the sole benefit of Buyer's RAR, LAR, and/or FCR, as applicable, including, without limitation;

(a) Cooperating with and providing, and in the case of Seller causing each Unit’s Scheduling Coordinator, owner, or operator to cooperate with and provide requested supporting documentation to the CAISO, the CPUC, or any other Governmental Body responsible for administering RAR, LAR, and/or FCR under Applicable Laws, to certify or qualify the Contract Quantity as RA Capacity and Designated RA Capacity. Such actions shall include, without limitation, providing information requested by the CAISO, CPUC, or by an LRA having jurisdiction, to demonstrate for each month of the Delivery Period the ability to deliver the Contract Quantity from each Unit to the CAISO Controlled Grid for the minimum hours required to qualify as RA Capacity, and providing information requested by the CPUC, CAISO or other Governmental Body having jurisdiction to administer RAR, LAR, or FCR to demonstrate that the Contract Quantity can be delivered to the CAISO Controlled Grid, pursuant to “deliverability” standards established by the CAISO, or other Governmental Body having jurisdiction to administer RAR, LAR and/or FCR; and
(b) Negotiating in good faith to make necessary amendments, if any, to this Confirmation, which are subject to agreement of such Parties, in each Party's sole discretion, to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body having jurisdiction to administer RAR; or FCR so as to maintain the benefits of the bargain struck by the Parties on the Confirmation Effective Date.

7.2 Seller Representations and Warranties

Seller represents and warrants to Buyer that, throughout the Delivery Period:

(a) Seller owns or has the exclusive right to the RA Capacity sold under this Confirmation from each Unit, and shall furnish Buyer, CAISO, CPUC or other jurisdictional LRA, or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;

(b) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy RAR, LAR, FCR or analogous obligations in CAISO markets, other than pursuant to an RMR Agreement between the CAISO and either Seller or the Unit's owner or operator;

(c) No portion of the Contract Quantity has been committed by Seller in order to satisfy RAR, LAR, FCR, or analogous obligations in any non-CAISO market;

(d) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, or is under the control of CAISO;

(e) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities;

(f) The owner or operator of each Unit is obligated to comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR, and FCR;

(g) If Seller is the owner of any Unit, the cumulative amounts of LAR Attributes, RAR Attributes, and FCR Attributes that Seller has sold, assigned or transferred for any Unit does not exceed that Unit's RA Capacity;

(h) With respect to the RA Capacity provided under this Confirmation, Seller shall, and each Unit's Scheduling Coordinator is obligated to, comply with Applicable Laws, including the Tariff, relating to RA Capacity, RAR, LAR, and FCR;

(i) Seller has notified the Scheduling Coordinator of each Unit that Seller has transferred the Designated RA Capacity to Buyer, and the Scheduling Coordinator is obligated to deliver the Supply Plans in accordance with the Tariff;

(j) Seller has notified the Scheduling Coordinator of each Unit that Seller is obligated to cause each Unit's Scheduling Coordinator to provide to Buyer notice, no later than the Notification Deadline, of the Designated RA Capacity of each Unit that is to be submitted in the Supply Plan associated with this Agreement for the applicable period; and
(k) Seller has notified each Unit’s Scheduling Coordinator that Buyer is entitled to the revenues set forth in Section 4.10 of this Confirmation, and such Scheduling Coordinator is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

ARTICLE 8
CONFIDENTIALITY

Notwithstanding any agreement or obligation of confidentiality or non-disclosure between Buyer and Seller, the Parties agree that Buyer may disclose the Designated RA Capacity under this Transaction to any Governmental Body, the CPUC, the CAISO or any LRA having jurisdiction in order to support its LAR Showings, RAR Showings and/or FCR Showings, as applicable, and Seller may disclose the transfer of the Designated RA Capacity under this Transaction to the Scheduling Coordinator of each Unit in order for such Scheduling Coordinator to timely submit accurate Supply Plans.

ARTICLE 9
BUYER’S RE-SALE OF PRODUCT

Buyer may re-sell all or a portion of the Product hereunder.

ARTICLE 10
MARKET-BASED RATE AUTHORITY

Seller shall, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, upon request of Buyer submit a letter of concurrence in support of any affirmative statement by Buyer that this contractual arrangement does not transfer “ownership or control of generation capacity” from Seller to Buyer as the term “ownership or control of generation capacity” is used in 18 CFR Section 35.42. Seller shall not, in filings, if any, made subject to Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.

ARTICLE 11
COLLATERAL REQUIREMENTS

There are no collateral requirements for this Transaction for either Party.

ARTICLE 12
NO RECOUSE TO MEMBERS, PARTICIPANTS OR RETAIL CUSTOMERS OF EITHER PARTY

Each Party hereby acknowledges and agrees that the other Party is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (California Government Code Sections 6500 et seq.) and is a public entity separate and distinct from its members. Each Party shall solely be responsible for all of such Party’s debts, obligations and liabilities accruing and arising out of this Agreement, and each Party agrees that it shall have no rights and shall not make any claim, take any actions or assert any remedies against any of the other Party’s members, any cities or counties participating in Buyer’s community choice aggregation program, or any of Buyer’s retail customers in connection with the Transaction to which this Confirmation applies.
ARTICLE 13
GOVERNING LAW

Section 24 is deleted in its entirety and this Confirmation and any portion of the Master Agreement applicable to this Confirmation shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of laws rules thereof.

ARTICLE 14
COUNTERPARTS

This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to counterparty were upon a single instrument. Delivery of an executed signature page of this Confirmation by facsimile or electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

ARTICLE 15
ENTIRE AGREEMENT

This Confirmation sets forth the terms of the transaction into which the Parties have entered into and shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the Master Agreement, this transaction may be confirmed only through a Documentary Writing executed by both parties, and no amendment or modification to this transaction shall be enforceable except through a Documentary Writing executed by both Parties.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE.

Sonoma Clean Power Authority

By: __________________________

Name: __________________________

Title: __________________________

Silicon Valley Clean Energy Authority

By: __________________________

Name: Tom Habashi

Title: Chief Executive Officer

By: __________________________

Name: __________________________

Title: __________________________
MASTER POWER PURCHASE AND SALE AGREEMENT

COVER SHEET

This Master Power Purchase and Sale Agreement (Version 2.1; modified 4/25/00) ("Master Agreement") is made as of the last dated signature on the signature page hereto ("Effective Date"). The Master Agreement, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this Master Agreement are the following:

Name: Silicon Valley Clean Energy Authority, a California joint powers authority ("Party A")

All Notices:
Street: 333 W. El Camino Real, Suite 320
City: Sunnyvale, CA Zip: 94087
Attn: Tom Habashi
Phone: (408) 721-5301
Facsimile: E-mail: tom@svcleanenergy.org

Invoices:
Attn: Silicon Valley Clean Energy Authority
Phone: (408) 721-5301
Facsimile:

Scheduling:
Attn: ZGlobal
Phone: (916) 221-4327
Facsimile:
e-mail: eric@zglobal.biz

Payments:
Attn: Silicon Valley Clean Energy Authority Finance
Phone: (408) 721-5301
Facsimile:
Duns:
Federal Tax ID Number: 81-2158638

Wire Transfer:
BNK:
ABA:
ACCT:

Credit and Collections:
Attn:
Phone:
Facsimile:

Confirmations:
Attn:
Phone:
Facsimile:

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff Tariff N/A Dated N/A Docket Number N/A

Name: Pacific Gas and Electric Company ("Party B"), limited for all purposes hereunder to its Electric Procurement and Electric Fuels Functions.

All Notices:
Street: 245 Market Street
City: San Francisco, CA Zip: 94105
Attn: Contract Management
Phone: (415) 973-8660
Facsimile: (415) 972-5507

Invoices:
Attn: Manager-Electric Settlements
Phone: (415) 973-4277
Facsimile: (415) 973-9505

Scheduling:
Attn: Mike McDermott
Phone: (415) 973-6222, 973-4072
Facsimile: (415) 973-5333

Payments:
Attn: Manager-Electric Settlements
Phone: (415) 973-4277
Facsimile: (415) 973-9505
Duns: 556650034
Federal Tax ID Number: 94-0742640

Credit and Collections:
Attn: Manager, Credit Risk Management
Phone: (415) 972-5188
Facsimile: (415) 973-7301
Email: MCRM-Credit@pge.com

Confirmations:
Attn: Manager-Electric Settlements
Phone: (415) 973-4277
Facsimile: (415) 973-9505

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<td>Transaction Terms and Conditions</td>
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(d) Downgrade Event:

☑ Not Applicable
☐ Applicable

If applicable, complete the following:

It shall be a Downgrade Event for Party B if Party B’s Credit Rating falls below ___ from S&P or ___ from Moody’s or if either S&P or Moody’s does not rate Party B.

☐ Other:
Specify: 

(e) Guarantor for Party B: None

Guarantee Amount:

8.2 Party B Credit Protection:

(a) Financial Information:

☐ Option A
☐ Option B Specify:
☒ Option C Specify: A) (1) The annual report containing audited consolidated financial statements for such fiscal year of Silicon Valley Clean Energy as soon as practicable after demand, but in no event later than 180 days after the end of each annual period and such request will be deemed to have been filled if such financial statements are available at www.svcleanenergy.com, and (2) quarterly unaudited financial statements for Silicon Valley Clean Energy as soon as practicable upon demand, but in no event later than 90 days after the applicable quarter. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification and delivery of the statements. The statements shall consist of, at a minimum, statement of revenues, expenses and changes in fund net assets, statement of net assets, statement of cash flows on a consolidating basis (as applicable), including the associated notes. Audited statements shall be audited by an independent certified public accountant. The first quarterly audited statement will be provided within 90 days after the fiscal quarter during which Party A begins deliveries under a Transaction.

(b) Credit Assurances:

☒ Not Applicable
☐ Applicable

(c) Collateral Threshold:

☐ Not Applicable
☒ Applicable

If applicable, complete the following:

Party A Collateral Threshold: See Collateral Annex

(d) Downgrade Event:

☑ Not Applicable
☐ Applicable

If applicable, complete the following:

☐ It shall be a Downgrade Event for Party A if Party A’s Credit Rating falls below ___ from S&P or ___ from Moody’s or if Party A is not rated by either S&P or Moody’s.
☐ Other: 
Specify: ____________________________________________

(e) Guarantor for Party A: __________________________

Guarantee Amount: $__________

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**Other Changes**

Specify, if any: The following changes shall be applicable.

**GENERAL TERMS AND CONDITIONS.**

(A) Article One: General Definitions. Amend Article One as follows:

1. Section 1.1 is amended in its entirety to read: “Affiliate” means (i) with respect to Party A, any entity which directly or indirectly controls, is controlled by, or is under a common control with Party A, and (ii) with respect to Party B, none. For purposes of this definition, “control” (including, with correlative meaning, the terms “controlling”, “controlled by” and “under common control with”), shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies through the ownership of voting securities, by agreement or otherwise. Notwithstanding the foregoing, the public entities that are designated as “Parties” under the Joint Powers Agreement (referred to herein as “members” of Party A) shall not constitute or otherwise be deemed an “Affiliate” of Party A for the purposes of this Master Agreement or any Confirmations executed in connection therewith.

2. Section 1.12 deleted and replaced with the definition of “Credit Rating” as set forth in Paragraph 10 to the Collateral Annex to this Agreement.

3. The following defined term is added as Section 1.26A:

   “1.26A “Joint Powers Agreement” means the Joint Powers Agreement, effective as of March 31, 2016, as amended, providing for the formation of Party A, as such agreement may be further amended or amended and restated.”

4. Section 1.27 deleted and replaced with the definition of “Letter of Credit” as set forth in the Collateral Annex to this Agreement.

5. Section 1.45 is deleted and replaced with the definition of “Performance Assurance” as set forth in the Collateral Annex to this Agreement (as modified by Paragraph 10 to that Collateral Annex), and “Credit Assurance” as the term is used in this Cover sheet shall mean Performance Assurance as so defined in the Collateral Annex.

6. In Section 1.50 replace the reference to Section 2.4 with reference to Section 2.5.

7. In Section 1.51 replace “at Buyer’s option” in the fifth line with “absent a purchase”.

8. In Section 1.53 replace “at Seller’s option” in the fifth line with “absent a sale”.

9. A new Section 1.62 is added as follows:

   “Broker or Index Quotes” means quotations solicited or obtained in good faith from (a) regularly published and widely-distributed daily forward price assessments from a broker that is not an Affiliate of either Party and who is actively participating in markets for the relevant Products or (b) end-of-day prices for the relevant Products published by exchanges which transact in the relevant markets.”

10. A new Section 1.63 is added as follows:

   “Market Quotation Average Price” means the arithmetic mean of the quotations solicited in good faith from not less than three (3) Reference Market-Makers (as hereinafter defined); provided, however, that the Party obtaining the quotes shall use reasonable efforts to obtain good faith quotations from at least five (5) Reference Market-Makers and, if at least five (5) such quotations are obtained, the Market Quotation Average Price shall be determined by disregarding the highest and lowest quotations and taking the arithmetic mean of the remaining quotations. The quotations shall be based on the offers to sell or bids to buy, as applicable, obtained for transactions substantially similar to each Terminated Transaction. The quote must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. Each quotation shall be obtained, to the extent reasonably practicable, as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the Party obtaining the quotations and in
accordance with the notice pursuant to Section 5.2, which designates the Early Termination Date. If fewer than three quotations are obtained, it will be deemed that the Market Quotation Average Price in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.”

(11) A new Section 1.64 is added as follows:

“Reference Market Maker” shall have the meaning as set forth in the Collateral Annex to this Agreement.

(12) A new Section 1.65 is added as follows:

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

(B) Article Two: Transaction Terms and Conditions. Amend Article Two as follows:

(1) In Section 2.1, delete the first sentence in its entirety and replace with the following:

“A Transaction, or an amendment, modification or supplement thereto, shall be entered into only upon a writing signed by both Parties.”

(2) Section 2.3 is hereby deleted in its entirety and replaced with the following:

2.3 “No Oral Agreements or Modifications. Notwithstanding anything to the contrary in this Master Agreement, the Master Agreement and any and all Transactions may not be orally amended or modified.”

(3) Section 2.4 is hereby amended by deleting the words “either orally or” in the sixth line.

(4) A new Section 2.6 is added to read as follows:

“2.6 Imaged Agreement. Any original executed Master Agreement, Confirmation or other related document may be photocopied and stored in electronic format (the ‘Imaged Agreement’). The Imaged Agreement, if introduced as evidence on paper, the Confirmation, if introduced as evidence in automated facsimile form, the Recording, if introduced as evidence in its original form and as transcribed onto paper or into other written format, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the Recording, the Confirmation, or the Imaged Agreement (or photocopies of the transcription of the Recording, the Confirmation, or the Imaged Agreement) on the basis that such were not originated or maintained in documentary or written form under either the hearsay rule or the best evidence rule. However, nothing in this Section 2.6 shall preclude a Party from challenging the admissibility of such evidence on some other grounds, including, without limitation, the basis that such evidence has been altered from the original.”

(C) Article Three: Obligations and Deliveries. Amend Article Three as follows:

(1) Add a new Section 3.4 at the end of the Article:

“3.4 NERC Interchange Transaction Tags. The Parties acknowledge that all Transactions are subject to the North American Electric Reliability Council (“NERC”) Policy 3, Version 5 (“NERC Policy”) standards for interchange transactions. Notwithstanding anything to the contrary contained in the NERC Policy, the Parties agree that, with respect to all Transactions between the Parties under this Agreement, the Purchasing-Selling Entity (as defined in the NERC Policy) immediately before the load serving Purchasing-Selling Entity shall be the entity responsible for providing the Interchange Transaction (as defined in the NERC Policy) tag.”

(2) Add a new Section 3.5 as follows:

3.5. Index Transactions. If the Contract Price for a Transaction is determined by reference to a third-party information source, then the following provisions shall be applicable to such Transaction.
(a) **Market Disruption.** If a Market Disruption Event occurs during a Determination Period, the Floating Price for the affected Trading Day(s) shall be determined by reference to the Floating Price specified in the Transaction for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, if the Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties shall negotiate in good faith to agree on a Floating Price (or a method for determining a Floating Price), and if the Parties have not so agreed on or before the twelfth Business Day following the first Trading Day on which the Market Disruption Event occurred or existed, then the Floating Price shall be determined in good faith by taking the average of the price quotations for the Trading Days that are obtained from no more than two (2) Reference Market-Makers selected by each of the Parties (for a total of four (4) price quotations).

(b) For purposes of this Section 3.5, the following definitions shall apply:

(i) “Determination Period” means each calendar month a part or all of which is within the Delivery Period of a Transaction.

(ii) “Exchange” means, in respect of a Transaction, the exchange or principal trading market specified in the relevant Transaction.

(iii) “Floating Price” means a price per unit in $U.S. specified in a Transaction that is based upon a Price Source.

(iv) “Market Disruption Event” means, with respect to any Price Source, any of the following events: (a) the failure of the Price Source to announce or publish the specified Floating Price or information necessary for determining the Floating price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange or in the market specified for determining a Floating Price; (c) the temporary or permanent discontinuance or unavailability of the Price Source; (d) the temporary or permanent closing of any Exchange specified for determining a Floating Price; or (e) a material change in the formula for or the method of determining the Floating Price.

(v) “Price Source” means, in respect of a Transaction, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the specified price (or prices from which the specified price is calculated) specified in the relevant Transaction.

(vi) “Trading Day” means a day in respect of which the relevant Price Source published the Floating Price.

(c) **Corrections to Published Prices.** For purposes of determining a Floating Price for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within two (2) years of the original publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If, not later than thirty (30) days after publication or announcement of that correction, a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than ten (10) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

(d) **Calculation of Floating Price.** For the purposes of the calculation of a Floating Price, all numbers shall be rounded to three (3) decimal places. If the fourth (4th) decimal number is five (5) or greater, then the third (3rd) decimal number shall be increased by one (1), and if the fourth (4th) decimal number is less than five (5), then the third (3rd) decimal number shall remain unchanged.”
(D) Article Five: Events of Default; Remedies. Amend Article Five as follows:

(1) In Section 5.1(a) change “three (3) Business Days” to “five (5) Business Days.”

(2) Section 5.2 is amended to (i) add the words “and time of day” in the third line immediately following the first instance of the word “day” and (ii) add the following at the end of the Section:

“The Non-Defaulting Party shall determine its Gains and Losses by determining the Market Quotation Average Price for each Terminated Transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts, to obtain the Market Quotation Average Price with respect to any Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by calculating the arithmetic mean of at least three (3) Broker or Index Quotes for transactions substantially similar to each Terminated Transaction. Such Broker or Index Quotes must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts to obtain at least three (3) Broker or Index Quotes with respect to any Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by reference to information supplied to it 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. Third parties supplying such information may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information; provided, however, that such third parties shall not be Affiliates of either Party. Only in the event the Non-Defaulting Party is not able, after using commercially reasonable efforts, to obtain such third party information, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner using relevant market data it has available to it internally.”

(2) Section 5.3 is amended by inserting “plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Defaulting Party Pursuant to Article Eight,” between the words “that are due to the Non-Defaulting Party,” and “plus any and all other amounts” in the sixth line.

(3) The following is added to the end of Section 5.4: “Notwithstanding any provision to the contrary contained in this Agreement, the Non-Defaulting Party shall not be required to pay to the Defaulting Party any amount under Article 5 until the Non-Defaulting Party receives confirmation satisfactory to it in its reasonable discretion (which may include an opinion of its counsel) that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party or any of its Affiliates under this Agreement or otherwise which are due and payable as of the Early Termination Date have been fully and finally performed.”; and

(4) Section 5.6 is amended by adding the following sentence to the end of the section: The Parties shall be limited to setting off only against the payment of money under transactions between the Parties with respect to the purchase and sale of natural gas and for which such transaction is solely for the purpose of procuring natural gas for the use of Party B’s electric fuels management function, thereby explicitly excluding from set-off: (i) any payments of money which might arise through a transaction between the Parties for the purchase and sale of natural gas for use by Party B’s core natural gas retail function; and (ii) any payments of money which arise out of an instrument relating to borrowed money indebtedness of any kind (whether matured or unmatured or whether or not contingent).

(E) Article Ten: Miscellaneous. Amend Article Ten as follows:

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(1) Section 10.2(i) is amended as follows: the phrase “… and is qualified to conduct its business in each jurisdiction in which it will perform a Transaction.” is added to the end of 10.2(i);

(2) Section 10.2(vi) is amended by deleting the phrase “or any of its Affiliates”.

(3) Section 10.2(ix) is amended by adding the phrase “it is an ‘eligible contract participant’ as defined in Section 1(a)(12) of the Commodity Exchange Act, as amended, and it is an ‘eligible commercial entity’ as defined in Section 1(a)(11) of the Commodity Exchange Act, as amended”.

(4) Section 10.2(x) is amended by replacing “and” in the third line with a comma and adding the following at the end of the section: “and it intends to physically settle each Transaction such that if the ‘commodity option’ (as defined in the Commodity Exchange Act, as amended) associated with a Transaction is exercised, the option would result in the sale of an ‘exempt commodity’ (as defined in Section 1(a)(20) of the Commodity Exchange Act, as amended) for immediate or deferred delivery.”

(5) Section 10.5 is amended as follows: (a) the phrase “may be withheld in the exercise of its sole discretion” is deleted and replaced with “which consent may not be unreasonably withheld”; and (b) replace the word “affiliate” with the defined term “Affiliate.”

(7) Section 10.11 is deleted in its entirety and replaced with the following:

“10.11 Confidentiality. If the Parties have elected on the Cover Sheet to make this Section 10.11 applicable to this Master Agreement, neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party’s or the Party’s Affiliates’ employees, lenders, counsel, accountants, advisors or ratings agencies who have a need to know such information and have agreed to keep such terms confidential) except in order to comply with any applicable law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding or request applicable to such Party or any of its Affiliates, or as Party B deems necessary in order to demonstrate the reasonableness of its actions to duly authorized governmental or regulatory agencies, including, without limitation, the California Public Utilities Commission (“CPUC”) or any division thereof; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. The Parties acknowledge and agree that the Master Agreement any Confirmations executed in connection therewith are subject to the California Public Records Act (Government Code Section 6250 et seq.). 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. The confidentiality obligation hereunder shall not apply to any information that was or hereafter becomes available to the public other than as a result of a disclosure in violation of this Section 10.11.

Regardless of any other provisions of this agreement, either party shall have the right to disclose the terms and conditions of a transaction between the parties to index publishers that aggregate and report such data to the public in the form of indices.

(8) A new Section 10.12 is added as follows:

“10.12 Execution. A signature received via facsimile or email shall have the same legal effect as an original.”

(9) A new Section 10.13 is added as follows:

The Parties agree that Security and Exchange Commission rules for reporting power purchase agreements may require PG&E to collect and possibly consolidate financial information. For any Transaction for which such reporting is required, PG&E is obligated
to obtain information from Seller to determine whether or not consolidation is required. If PG&E determines that consolidation is required, PG&E shall require the following during every calendar quarter for the term of such Transaction:

   a) Complete financial statements and notes to financial statements and
   b) Financial schedules underlying the financial statements, all within 15 days of the end of each quarter.
   c) Access to records and personnel, so that PG&E’s 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).

Any information provided to PG&E shall be treated confidentially and only disclosed on an aggregate basis with other similar entities for which PG&E has power-purchase contracts. The information will only be used for financial statement purposes and shall not be otherwise shared with internal or external parties.

(10) A new Section 10.14 is added as follows:

10.14 Dispute Resolution. Mindful of the high costs of litigation, not only in dollars but time and energy as well, the Parties intend to and do hereby establish a final and binding out-of-court dispute resolution procedure to be followed in the event any controversy should arise out of or concerning the performance of a Transaction. Accordingly, it is agreed as follows:

10.14(a) Negotiation.

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

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

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

(4) If the matter is not resolved within 45 calendar days of the Referral Date, or if the Party receiving the written request to meet, pursuant to subpart (a) above, refuses or will not meet within 10 Business Days, either Party may initiate mediation of the controversy or claim according to the terms of the following Section 10.14(b).

(5) If a dispute exists with respect to the Termination Payment, and such dispute cannot be resolved by good faith negotiation of the Parties within 10 Business Days of the Non-Defaulting Party’s receipt of the detailed basis for the explanation of the dispute then either Party may refer the matter directly to Arbitration, as set forth in Section 10.14(c) below.
10.14(b) Mediation. If the dispute (other than a dispute regarding the Termination Payment) cannot be resolved by negotiation as set forth in Section 1 above, then either Party may initiate mediation, the first-step of a two-step dispute resolution process, which JAMS shall administer. As the first step, the Parties agree to mediate any controversy before a commercial mediator from the JAMS panel, pursuant to JAMS’s then-applicable commercial mediation rules, in San Francisco, California. Either Party may initiate such a mediation by serving a written demand for mediation. The mediator shall not have the authority to require, and neither Party may be compelled to engage in, any form of discovery prior to or in connection with the mediation. If within sixty (60) days after service of a written demand for mediation, or as extended by mutual agreement of the Parties, the mediation does not result in resolution of the dispute, then the Parties shall resolve such controversy through Arbitration by one retired judge or justice from the JAMS panel, which Arbitration shall take place in San Francisco, California, and which the arbitrator shall administer by and in accordance with JAMS’s Commercial Arbitration Rules (“Arbitration”). If the Parties cannot mutually agree on the Arbitrator who will adjudicate the dispute, then JAMS shall provide the Parties with an Arbitrator pursuant to its then-applicable Commercial Arbitration Rules. The period commencing from the date of the written demand for mediation until the appointment of a mediator shall be included within the sixty (60) day mediation period. Any mediator(s) and arbitrator(s) 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. Either Party may initiate Arbitration by filing with the JAMS a notice of intent to arbitrate within sixty (60) days of service of the written demand for mediation.

10.14(c) Arbitration.
(1) 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.

(2) The arbitrator, once chosen, shall consider any transaction tapes or any other evidence which the arbitrator deems necessary, as presented by each Party. In deciding the award, the provisions of this Agreement will be binding on the arbitrator. The arbitrator will deliver his or her decision in writing within 30 days after the conclusion of the arbitration hearing. The arbitrator shall specify the basis for his or her decision, the basis for the damages award and a breakdown of the damages awarded, and the basis of any other remedy. Except as provided in the Federal Arbitration Act, the decision of the arbitrator will be binding on and non-appealable by the Parties. Each Party agrees that any arbitration award against it may be enforced in any court of competent jurisdiction and that any Party may authorize any such court to enter judgment on the arbitrator’s decision.

(3) The arbitrator shall have no authority to award punitive or exemplary damages or any other damages other than direct and actual damages.

(4) Any expenses incurred in connection with hiring the arbitrators and performing the Arbitration shall be shared and paid equally between the Parties. Each Party shall bear and pay its own expenses incurred by each in connection with the Arbitration, unless otherwise included in a solution chosen by the Arbitration panel. In the event either Party must file a court action to enforce an arbitration award under this Article, the prevailing Party shall be entitled to recover its court costs and reasonable attorney fees.

(5) In the event the Parties choose to litigate any matter hereunder, the Parties hereby waive the right to jury trial.

(6) Except as may be required by Law, the existence, contents or results of any Arbitration hereunder may not be disclosed by a Party or the arbitrator without the prior written consent of both Parties.
(11) A new Section 10.15 is added as follows:

10.15 Mobile Sierra. Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to the FERC pursuant to the provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party, or the FERC acting sua sponte shall be the “public interest” standard of review set forth in United States Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956).

(12) A new Section 10.16 is added as follows:

“10.16 Joint Powers Authority.

Party B hereby acknowledges and agrees that Party A is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement and is a public entity separate from its members. Party A shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement and Party B agrees that it shall have no rights and shall not make any claim, take any actions or assert any remedies against any of Party A’s members in connection with this Agreement.”

(F) Schedule P: Products and Definitions. Amend Schedule P as follows:

Add the following definitions, in appropriate alphabetical order:

“CAISO Energy” means with respect to a Transaction, a Product under which the Seller shall sell and the Buyer shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the California Independent System Operator (“CAISO”) (as amended from time to time, the “Tariff”) for which the only excuse for failure to deliver or receive is an Uncontrollable Force (as defined in the Tariff).

“WECC” means the Western Electricity Coordinating Council.

“WSPP” means the Western Systems Power Pool.

“WSPP Agreement” means the Western Systems Power Pool Agreement as amended from time to time.

“West Firm” or “WSPP Firm” means with respect to a Transaction, a Product that is or will be scheduled as firm energy and consistent with the most recent rules adopted by the WECC for which the only excuses for failure to deliver or receive are if an interruption is (i) due to an Uncontrollable Force as provided in Section 10 of the WSPP Agreement; or (ii) where applicable, to meet Seller's public utility or statutory obligations to its customers. Notwithstanding any other provision in this Master Agreement, if Seller exercises its right to interrupt to meet its public utility or statutory obligations, Seller shall be responsible for payment of damages for failure to deliver firm energy as provided in Article Four of this Agreement.
(G) Schedule M: Amend Schedule M as follows:

(1) Add the following definition in Article One:

“Act” means Joint Powers Act of the State of California (Government Code Section 6500 et seq.)

(2) Section 3.4 of Schedule M is deleted in its entirety and replaced with the following:

“Party A’s Deliveries. As a condition to the obligations of Party B under this Agreement, Party A shall provide to Party B (i) copies of all ordinances, resolutions, public notices and other documents evidencing the necessary authorizations with respect to the execution, delivery and performance by Party A of this Master Agreement and (ii) the incumbency and signatures of the signatories of Party A executing this Master Agreement and any Confirmations executed in connection herewith.”

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

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DISCLAIMER: This Master Power Purchase and Sale Agreement was prepared by a committee of representatives of Edison Electric Institute ("EEI") and National Energy Marketers Association ("NEM") member companies to facilitate orderly trading in and development of wholesale power markets. Neither EEI nor NEM nor any member company nor any of their agents, representatives or attorneys shall be responsible for its use, or any damages resulting there from. By providing this Agreement EEI and NEM do not offer legal advice and all users are urged to consult their own legal counsel to ensure that their commercial objectives will be achieved and their legal interests are adequately protected.
**PARAGRAPH 10**

**to the**

**COLLATERAL ANNEX**

**to the**

**EEI MASTER POWER PURCHASE AND SALE AGREEMENT**

**CREDIT ELECTIONS COVER SHEET**

Please Note: PG&E is Party B

**Paragraph 10. Elections and Variables**

I. **Collateral Threshold.**

A. **Party A Collateral Threshold.**

   $______ (the “Threshold Amount”); provided, however, that the Collateral Threshold for Party A shall be zero upon the occurrence and during the continuance of an Event of Default or a Potential Event of Default with respect to Party A; and provided further that, in the event that, and on the date that, Party A cures the Potential Event of Default on or prior to the date that Party A is required to post Performance Assurance to Party B pursuant to a demand made by Party B pursuant to the provisions of the Collateral Annex on or after the occurrence of such Event of Default, (i) the Collateral Threshold for Party A shall automatically increase from zero to the Threshold Amount and (ii) Party A shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

   (a) The amount (the “Threshold Amount”) set forth below under the heading “Party A Collateral Threshold” opposite the Credit Rating for [Party A][Party A’s Guarantor] on the relevant date of determination, or (b) zero if on the relevant date of determination [Party A][its Guarantor] does not have a Credit Rating from the rating agency specified below or an Event of Default or a Potential Event of Default with respect to Party A has occurred and is continuing; provided, however, in the event that, and on the date that, Party A cures the Potential Event of Default on or prior to the date that Party A is required to post Performance Assurance to Party B pursuant to a demand made by Party B pursuant to the provisions of the Collateral Annex on or after the occurrence of such Event of Default, (i) the Collateral Threshold for Party A shall automatically increase from zero to the Threshold Amount and (ii) Party A shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

<table>
<thead>
<tr>
<th>Party A</th>
<th>S&amp;P Credit Rating</th>
<th>Moody’s Credit Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>$__________</td>
<td>_______ (or above)</td>
<td></td>
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<tr>
<td>$__________</td>
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<td>$__________</td>
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</tr>
<tr>
<td>$__________</td>
<td>Below _______</td>
<td></td>
</tr>
</tbody>
</table>

☑️ (a) The amount (the “Threshold Amount”) set forth below under the heading “Party A Collateral Threshold” opposite the Credit Rating for Party A on the relevant date of determination, and if Party A’s Credit Ratings shall not be equivalent, the lower Credit Rating shall govern or (b) zero if on the relevant date of determination Party A does not have a Credit Rating from the rating agency(ies) specified below or an Event of Default or a Potential Event of Default with respect to Party A has occurred and is continuing; provided,
however, in the event that, and on the date that, Party A cures the Potential Event of Default on or prior to the date that Party A is required to post Performance Assurance to Party B pursuant to a demand made by Party B pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party A shall automatically increase from zero to the Threshold Amount and (ii) Party A shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

<table>
<thead>
<tr>
<th>Party A \ Collateral Threshold</th>
<th>S&amp;P Credit Rating</th>
<th>Moody's Credit Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A- or above</td>
<td>A3 or above</td>
</tr>
<tr>
<td></td>
<td>BBB+</td>
<td>Baa1</td>
</tr>
<tr>
<td></td>
<td>BBB</td>
<td>Baa2</td>
</tr>
<tr>
<td></td>
<td>BBB-</td>
<td>Baa3</td>
</tr>
<tr>
<td></td>
<td>Below BBB-</td>
<td>Below Baa3</td>
</tr>
</tbody>
</table>

The amount of the Guaranty Agreement dated _____ from ____, as amended from time to time but in no event shall Party A’s Collateral Threshold be greater than $______.

Other – see attached threshold terms

B. Party B Collateral Threshold.

$_________ (the “Threshold Amount”); provided, however, that the Collateral Threshold for Party B shall be zero upon the occurrence and during the continuance of an Event of Default or a Potential Event of Default with respect to Party B; and provided further that, in the event that, and on the date that, Party B cures the Potential Event of Default on or prior to the date that Party B is required to post Performance Assurance to Party A pursuant to a demand made by Party A pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party B shall automatically increase from zero to the Threshold Amount and (ii) Party B shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

(a) The amount (the “Threshold Amount”) set forth below under the heading “Party B Collateral Threshold” opposite the Credit Rating for Party B on the relevant date of determination, or (b) zero if on the relevant date of determination Party B does not have a Credit Rating from the rating agency specified below or an Event of Default or a Potential Event of Default with respect to Party B has occurred and is continuing; provided, however, in the event that, and on the date that, Party B cures the Potential Event of Default on or prior to the date that Party B is required to post Performance Assurance to Party A pursuant to a demand made by Party A pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party B shall automatically increase from zero to the Threshold Amount and (ii) Party B shall be relieved of its obligation to post Performance Assurance pursuant to such demand:

<table>
<thead>
<tr>
<th>Party B \ Collateral Threshold</th>
<th>S&amp;P Credit Rating</th>
<th>Moody’s Credit Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>$_______</td>
<td>______ (or above)</td>
<td></td>
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<tr>
<td>$_______</td>
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<td>$_______</td>
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<td></td>
</tr>
<tr>
<td>$_______</td>
<td>Below_______</td>
<td></td>
</tr>
</tbody>
</table>
(a) The amount (the "Threshold Amount") set forth below under the heading "Party B Collateral Threshold" opposite the Credit Rating for Party B on the relevant date of determination, and if Party B's Credit Ratings shall not be equivalent, the lower Credit Rating shall govern or (b) zero if on the relevant date of determination Party B does not have a Credit Rating from the rating agency(ies) specified below or an Event of Default or a Potential Event of Default with respect to Party B has occurred and is continuing; provided, however, in the event that, and on the date that, Party B cures the Potential Event of Default on or prior to the date that Party B is required to post Performance Assurance to Party A pursuant to a demand made by Party A pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party B shall automatically increase from zero to the Threshold Amount and (ii) Party B shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

<table>
<thead>
<tr>
<th>Party B Collateral Threshold</th>
<th>S&amp;P Credit Rating</th>
<th>Moody's Credit Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BBB or above</td>
<td>Baa2 or above</td>
</tr>
<tr>
<td></td>
<td>BBB-</td>
<td>Baa3</td>
</tr>
<tr>
<td></td>
<td>Below BBB-</td>
<td>Below Baa3</td>
</tr>
</tbody>
</table>

The amount of the Guaranty Agreement dated ____ from ____, as amended from time to time but in no event shall Party B's Collateral Threshold be greater than $______.

Other – see attached threshold terms

II. Eligible Collateral and Valuation Percentage.

The following items will qualify as "Eligible Collateral" for the Party specified:

(A) Cash

<table>
<thead>
<tr>
<th>Party A</th>
<th>Party B</th>
<th>Valuation Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ x ]</td>
<td>[ x ]</td>
<td>100%</td>
</tr>
</tbody>
</table>

(B) Letters of Credit

<table>
<thead>
<tr>
<th>Party A</th>
<th>Party B</th>
<th>Valuation Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ x ]</td>
<td>[ x ]</td>
<td>100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) thirty (30) or fewer Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0).</td>
</tr>
</tbody>
</table>

(C) Other

<table>
<thead>
<tr>
<th>Party A</th>
<th>Party B</th>
<th>Valuation Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ]</td>
<td>[ ]</td>
<td>______ %</td>
</tr>
</tbody>
</table>

III. Independent Amount.

A. Party A Independent Amount.

☐ Party A shall have a Fixed Independent Amount of $_______. If the Fixed Independent Amount option is selected for Party A, then Party A (which shall be a Pledging Party with respect to the Fixed IA Performance Assurance) will be required to Transfer or cause to be Transferred to Party B (which shall be a Secured Party with respect to the Fixed IA Performance Assurance) Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Fixed IA Performance Assurance"). The Fixed IA Performance Assurance shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the Agreement, and shall not be taken into account when calculating Party A's Collateral Requirement pursuant to the Collateral Annex. Except as expressly set forth above, the Fixed IA Performance Assurance shall be held and
maintained in accordance with, and otherwise be subject to, Paragraphs 2, 5(b), 5(c), 6, 7 and 9 of the Collateral Annex.

☐ Party A shall have an Independent Amount as specified in each confirmation governed by this Master Agreement. If the Independent Amount option is selected for Party A, then for purposes of calculating Party A’s Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, such Independent Amount for Party A shall be added by Party B to its Exposure Amount for purposes of determining Net Exposure pursuant to Paragraph 3(a) of the Collateral Annex.

☐ Party A shall have a Partial Floating Independent Amount of $______________. If the Partial Floating Independent Amount option is selected for Party A, then Party A will be required to Transfer or cause to be Transferred to Party B Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the “Partial Floating IA Performance Assurance”) if at any time Party A otherwise has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount) pursuant to Paragraph 3 of the Collateral Annex. The Partial Floating IA Performance Assurance shall not be reduced so long as Party A has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party’s Collateral Requirements pursuant to the Collateral Annex. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the Collateral Annex.

a) **Party B Independent Amount.**

☐ Party B shall have a Fixed Independent Amount of ______the Notional Value of all outstanding transactions. If the Fixed Independent Amount Option is selected for Party B, then Party B (which shall be a Pledging Party with respect to the Fixed IA Performance Assurance) will be required to Transfer or cause to be Transferred to Party A (which shall be a Secured Party with respect to the Fixed IA Performance Assurance) Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the “Fixed IA Performance Assurance”). The Fixed IA Performance Assurance shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the Agreement, and shall not be taken into account when calculating Party B’s Collateral Requirement pursuant to the Collateral Annex. Except as expressly set forth above, the Fixed IA Performance Assurance shall be held and maintained in accordance with, and otherwise be subject to, Paragraphs 2, 5(b), 5(c), 6, 7 and 9 of the Collateral Annex.

☐ Party B shall have a Full Floating Independent Amount of $______________. If the Full Floating Independent Amount Option is selected for Party B then for purposes of calculating Party B’s Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, such Full Floating Independent Amount for Party B shall be added by Party A to its Exposure Amount for purposes of determining Net Exposure pursuant to Paragraph 3(a) of the Collateral Annex.

☐ Party B shall have a Partial Floating Independent Amount of $______________. If the Partial Floating Independent Amount option is selected for Party B, then Party B will be required to Transfer or cause to be Transferred to Party A Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the “Partial Floating IA Performance Assurance”) if at any time Party B otherwise has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount) pursuant to Paragraph 3 of the Collateral Annex. The Partial Floating IA Performance Assurance shall not be reduced for so long as Party B has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party’s Collateral Requirements pursuant to the Collateral Annex. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the Collateral Annex.
IV. Minimum Transfer Amount.

A. Party A Minimum Transfer Amount:

B. Party B Minimum Transfer Amount:

V. Rounding Amount.

A. Party A Rounding Amount:

B. Party B Rounding Amount:

VI. Administration of Cash Collateral.

A. Party A Eligibility to Hold Cash.

☐ Party A shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held in accordance with a Deposit Account Agreement ("DAA"), substantially in the form as attached hereto as Exhibit A, and in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. The Bank holding the Cash pursuant to the DAA shall at all times meet the requirements for a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex.

☑ Party A shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party, (2) Party A has a Credit Rating from S&P or Moody’s and the lowest Credit Rating for Party A is at least BBB- from S&P or Baa3 from Moody’s; and (3) Cash shall be held only in any jurisdiction within the United States. To the extent Party A is entitled to hold Cash, the Interest Rate payable to Party B on Cash shall be as selected below:

**Party A Interest Rate.**

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

☐ Other - ____________

B. Party B Eligibility to Hold Cash.

☐ Party B shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held in accordance with a Deposit Account Agreement ("DAA"), substantially in the form as attached hereto as Exhibit A and in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. The Bank holding the Cash pursuant to the DAA shall at all times meet the requirements for a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex.

☑ Party B shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party, (2) Party B has a Credit Rating from S&P or Moody’s and the lowest Credit Rating for Party B is at least BBB- from S&P or Baa3 from Moody’s; and (3) Cash shall be held only in any jurisdiction within the United States. To the extent Party B is entitled to hold Cash, the Interest Rate payable to Party A on Cash shall be as selected below:
Party B Interest Rate.

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

☐ Other - ______________

VII. Notification Time.

☑ Other -

All demands, specifications and notices to Party A under this Collateral Annex will be made to the person specified under “Credit and Collections” for Party A on the Cover Sheet.

All demands, specifications and notices to Party B under this Annex will be made to the person specified under “Credit and Collections” for Party B on the Cover Sheet.

VIII. General.

If, as part of its obligations under the Agreement, including one or more Confirmations, a Party posts Performance Assurance, which Performance Assurance must be in a form and amount determined in accordance with and as set forth in Paragraph 10 of the Agreement, each Transaction to which the Parties agree shall be supported by this Performance Assurance, so that the counterparty may draw on the Performance Assurance to pay amounts owed and for which the payment period has run under any Confirmation. Further, at the non-defaulting Party’s election, a default under any Confirmation shall be a default under all Confirmations between the Parties, so that all Transactions under the Agreement may be subject to termination by the non-defaulting Party.

With respect to the Collateral Threshold, Independent Amount, Minimum Transfer Amount and Rounding Amount, if no selection is made in this Cover Sheet with respect to a Party, then the applicable amount in each case for such Party shall be zero (0). In addition, with respect to the “Administration of Cash Collateral” section of this Paragraph 10, if no selection is made with respect to a Party, then such Party shall not be entitled to hold Performance Assurance in the form of Cash and such Cash, if any, shall be held in a Qualified Institution pursuant to Paragraph 6(a)(ii)(B) of the Collateral Annex. If a Party is eligible to hold Cash pursuant to a selection in this Paragraph 10 but no Interest Rate is selected, then the Interest Rate for such Party shall be the Federal Funds Effective Rate as defined in Section VI of this Paragraph 10.

IX. Other Changes.

A. No Waiver.

Notwithstanding any other provision in this Agreement to the contrary, no full or partial failure to exercise and no delay in exercising, on the part of Party A (or its Custodian) or Party B (or its Custodian), any right, remedy, power or privilege permitted with respect to transfer timing (or any other deadline) pursuant to Paragraph 4, as modified by the preceding paragraph (or any other applicable provision), regardless of the frequency or constancy of such failure or delay, shall operate in any way as a waiver thereof by such party.

B. Paragraph 1. Definitions.

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

b) “Credit Rating Event” – Replace the words “Paragraph 6(a)(iii)” with “Paragraph 6(a)(ii).

c) “Downgraded Party” – Replace the words “Paragraph 6(a)(i)” with “Paragraph 6(a)(ii)”.

d) “Guaranty” means a guaranty issued in a form substantially as contained in Schedule 2 attached hereto and by an issuer acceptable to the Secured Party.

e) “Letter of Credit” is deleted in its entirety and replaced with the following definition:
“Letter of Credit” means an irrevocable, non-transferable standby letter of credit, the form of which must be substantially as contained in Schedule 1 attached hereto; provided that, the issuer must be a Qualified Institution.

f) “Letter of Credit Default” –
(i) In line 3, after the words: “Rating of at least (i)”, delete all language from that line and replace it with: “A-, with a stable outlook designation from S&P and A3, with a stable outlook designation from Moody’s, if such issuer is rated by both S&P and Moody’s.”; and (ii) Add the words, “with a stable outlook designation” after the words “‘A-‘ by S&P” and “‘A3’ by Moody’s,” in line 4.

g) “Performance Assurance” – Replace the words “Paragraph 6(a)(iv)” with “Paragraph 6(a)(iii)”.

h) “Qualified Institution” is deleted in its entirety and replaced with the following definition:
“Qualified Institution” means either a U.S. commercial bank, or a U.S. branch of a foreign bank acceptable to the Beneficiary Party in its sole discretion; and in each case such bank must have a Credit Rating of at least: (a) “A-, with a stable designation” from S&P and “A3, with a stable designation” from Moody’s, if such bank is rated by both S&P and Moody’s; or (b) “A-, with a stable designation” from S&P or “A3, with a stable designation” from Moody’s, if such bank is rated by either S&P or Moody’s, but not both, even if such bank was rated by both S&P and Moody’s as of the date of issuance of the Letter of Credit but ceases to be rated by either, but not both of those ratings agencies.

i) “Secured Party” – Replace the words “Paragraph 3(b)” with “Paragraph 3(a)”.

In Paragraph 3(b)(2), is amended by replacing the comma after “Secured Party” with “and” and deleting the phrase, “,and any Interest Amount that has not yet been Transferred to the Pledging Party”.

D. Schedule 1 to the Collateral Annex is deleted in its entirety and replaced as noted herein.

IN WITNESS WHEREOF, the parties have executed this Collateral Annex by their duly authorized officers as of the date hereof.

PACIFIC GAS AND ELECTRIC COMPANY

By: By:
Name: Name:

30488528v1
FORM OF LETTER OF CREDIT
Issuing Bank Letterhead and Address

STANDBY LETTER OF CREDIT NO. XXXXXXXX

Date: [insert issue date]

Beneficiary: [Insert name of Beneficiary and address]

Ladies and Gentlemen:

By order of [Insert name of Applicant] (“Applicant”), we hereby issue in favor of [Insert name of Beneficiary] (the “Beneficiary”) our irrevocable standby letter of credit No. [Insert number of letter of credit] (“Letter of Credit”), for the account of Applicant, for drawings up to but not to exceed the aggregate sum of U.S. $ [Insert amount in figures followed by (amount in words)] (“Letter of Credit Amount”). This Letter of Credit is available with [Insert name of bank, and the city and state in which it is located] by sight payment, at our offices located at the address stated below, effective immediately. This Letter of Credit will expire at our close of business on [Insert expiry date] (the “Expiry Date”).

Funds under this Letter of Credit are available to the Beneficiary against presentation of the following documents:

1. Beneficiary’s signed and dated sight draft in the form of Annex A hereto, referencing this Letter of Credit No. [Insert number] and stating the amount of the demand; and

2. One of the following dated statements signed by an authorized representative or officer of Beneficiary:

   A. “[Insert name of Beneficiary] (the “Beneficiary”) is entitled to draw the amount of [Spell out the amount followed by (US$xxxxxxxx.xx)], under Letter of Credit No. [Insert number] owed by [Insert name of Beneficiary’s counterparty under the EEI agreement] or its assignee to Beneficiary under or in connection with the [Insert identification of the EEI agreement] Agreement between the Beneficiary and [Insert name of Beneficiary’s counterparty under the EEI agreement] or its assignee”

   B. “Letter of Credit No. [Insert number] will expire in thirty (30) days or less and [Insert name of Beneficiary’s counterparty under the EEI agreement] or its assignee has not provided replacement Performance Assurance acceptable to [Insert name of Beneficiary] (the Beneficiary”), and the amount of [Spell out the amount followed by (US$xxxxxxxx.xx)] of the accompanying sight draft does not exceed the amount of Performance Assurance that [Insert name of Beneficiary’s counterparty under the EEI agreement] or its assignee is required to transfer to the Beneficiary under the terms of the [Insert identification of the EEI agreement] between [Insert name of Beneficiary’s counterparty under the EEI agreement] and the Beneficiary.

Special Conditions:

1. Partial and multiple drawings under this Letter of Credit are allowed;
2. All banking charges associated with this Letter of Credit are for the account of the Applicant;
3. This Letter of Credit is not transferable; and
4. A drawing for an amount greater than the Letter of Credit Amount is allowed, however, payment shall not exceed the Letter of Credit Amount.

We engage with you that drafts drawn under and in compliance with the terms and conditions of this Letter of Credit will be duly honored upon presentation, if presented on or before the Expiry Date (or after the Expiry Date as provided below regarding events of Force Majeure), at [Insert bank’s address for drawings].

All demands for payment shall be made by presentation of copies or original documents, or by facsimile transmission of documents to [Insert fax number or numbers], Attention: [Insert name of bank’s receiving department]. If a demand is made by facsimile transmission, the originals or copies of documents must follow by overnight mail, and you may contact us at [Insert phone number(s)] to confirm our receipt of the transmission. Your failure to seek such a telephone confirmation does not affect our obligation to honor such a presentation.

Our payments against complying presentations under this Letter of Credit will be made no later than on the sixth (6th) banking day following a complying presentation.

Except as stated herein, this Letter of Credit is not subject to any condition or qualification. It is our individual obligation, which is not contingent upon reimbursement and is not affected by any agreement, document, or instrument between us and the Applicant or between the Beneficiary and the Applicant or any other party.

Except as otherwise specifically stated herein, this Letter of Credit is subject to and governed by the Uniform Customs and Practice for Documentary Credits, 2007 Revision, International Chamber of Commerce (ICC) Publication No. 600 (the “UCP 600”); provided that, if this Letter of Credit expires during an interruption of our business as described in Article 36 of the UCP 600, we will honor drafts presented in compliance with this Letter of Credit within thirty (30) days after the resumption of our business and effect payment accordingly.

The law of the State of New York shall apply to any matters not covered by the UCP 600.

For telephone assistance regarding this Letter of Credit, please contact us at [insert number and any other necessary details].

Very truly yours,

[insert name of issuing bank]

By: ______________________________
   Authorized Signature

Name: ____________________________
   [print or type name]

Title: ______________________________
TO
[INSERT NAME AND ADDRESS OF PAYING BANK]

AMOUNT: $________________________ DATE: _______________________

AT SIGHT OF THIS DEMAND PAY TO THE ORDER OF [insert name of Beneficiary] THE AMOUNT OF
U.S.$________(______________ U.S. DOLLARS)

DRAWN UNDER [INSERT NAME OF ISSUING BANK] LETTER OF CREDIT NO. XXXXXX.

REMIT FUNDS AS FOLLOWS:

[INSERT PAYMENT INSTRUCTIONS]

DRAWER

BY: __________________________
NAME AND TITLE

Schedule 2: Guaranty Form
EXHIBIT__ to contract No.

GUARANTY AGREEMENT

____________________________, a [corporation?] organized under the laws of _________ (referred to herein as “Counterparty”) and PACIFIC GAS AND ELECTRIC COMPANY (referred to herein as “PG&E”) are entering into a Master Power Purchase and Sale Agreement and individual transactions thereunder or related thereto (all collectively and individually referred to herein as “the Contract”). The Counterparty is a [subsidiary??] of ______________ organized under the laws of ________________ , with its principal place of business at ______________ (referred to herein as “Guarantor”). To induce PG&E to enter into the Contract with the Counterparty, and for valuable consideration, the Guarantor is entering into this Guaranty Agreement (referred to herein also as the “Guaranty”) and hereby agrees as follows:

(a) Guaranty and Obligations. The Guarantor, irrevocably and unconditionally guarantees to PG&E, its successors, endorsees and assigns, the due and punctual performance and payment in full of all obligations and amounts owed by the Counterparty to PG&E under the Contract, whether due or to become due, secured or unsecured, absolute or contingent (all referred to herein as “Obligations”). The liability of the Guarantor hereunder is a continuing guaranty of payment and performance when any Obligation is owing or when the Counterparty is in default or breach under the Contract, without regard to whether recovery may be or has become barred by any statute of limitations or otherwise may be unenforceable. In case of the failure of the Counterparty to pay or perform the Obligations punctually, the Guarantor hereby agrees, upon written demand by PG&E, to perform the Obligations or pay or cause to be paid any such amounts punctually when and as the same shall become due and payable. The Guarantor hereby also agrees to reimburse PG&E for any reasonable attorneys’ fees and all other costs and expenses incurred by PG&E in enforcing this Guaranty. If at any time during the term of this Guaranty PG&E determines that the creditworthiness of the Guarantor has materially changed, PG&E may declare the Guarantor to be in default under this Guaranty.

(b) Guaranty of Payment. The Guarantor hereby agrees that its obligations under this Guaranty constitute a guaranty of payment when due and not of collection.

(c) Nature of Guaranty. The Guarantor hereby agrees that its obligations under this Guaranty shall be irrevocable and unconditional, irrespective of the validity, or enforceability of the Contract against the Counterparty (other than as a result of the unenforceability thereof against PG&E), the absence of any action or measure to enforce the Counterparty’s Obligations under the Contract, any waiver or consent of PG&E with respect to any provisions thereof, the entry by the Counterparty and PG&E into amendments to the Contract for additional services under the Contract or otherwise, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor (excluding the defense of payment). The Guarantor agrees that the obligations of the Guarantor under this Guaranty will upon the execution of any such amendment by the Counterparty and PG&E extend to all such amendments without the taking of further action by the Guarantor, the Counterparty, or PG&E. The Guarantor agrees that the Counterparty and PG&E may, without prior written consent of the Guarantor, mutually agree to modify the Obligations or the Contract or any agreement between the Counterparty and PG&E, without in any way impairing or affecting this Guaranty.

(d) Termination. This Guaranty may not be terminated by the Guarantor and shall remain in full force and effect until all of the Obligations of the Counterparty under or arising out of the Contract have been fully performed.

(e) Rescinded Payment; Independent Liability. The Guarantor further agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time, payment, or any part thereof, of any Obligation or interest thereon is rescinded or must otherwise be restored or returned for any reason whatsoever, and the Guarantor shall remain liable hereunder in respect of such payments or obligations or interest thereon as if such payment had not been made. PG&E shall not be obligated to file any claim relating to the Obligations owing to it in the event that the Counterparty becomes subject to a
bankruptcy, reorganization or similar proceeding, and the failure of PG&E to file shall not affect the Guarantor’s obligations hereunder. The Guarantor’s obligations hereunder are independent of the Obligations of the Counterparty. The liability of the Guarantor hereunder is independent of any security for or other guaranty of payment received by PG&E in connection with the Contract, is not affected or impaired by (a) any voluntary or involuntary liquidation, dissolution, receivership, attachment, injunction, restraint, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, the Counterparty or any of its assets, including but not limited to any rejection or other discharge of the Counterparty’s obligations imposed or asserted by any Court, trustee or custodian or any similar official or imposed by any law, statute or regulation in such event, or (b) the extension of time for the payment of any sum, in whole or in part, owing or payable to PG&E under the Contract or this Guaranty or the extension of the time for the performance of any other obligation under or arising out of or on account of the Contract or this Guaranty, or (c) any failure, omission or delay on the part of PG&E to enforce, assert or exercise any right, power or remedy conferred on PG&E in the Contract or this Guaranty or any action on PG&E’s part granting indulgence or extension in any form, or (d) the release, modification, waiver or failure to pursue or seek relief with respect to any other guaranty, pledge or security device whatsoever, or (e) any payment to PG&E by the Counterparty that PG&E subsequently returns to the Counterparty pursuant to court order in any bankruptcy or other debtor-relief proceeding, or (f) any amendment, modification or other alteration of the Contract, or (g) any indemnity agreement the Counterparty may have from any party, or (h) any insurance that may be available to cover any loss. The Guarantor waives any right to the deferral or modification of the Guarantor’s obligations hereunder by virtue of any such debtor-relief proceeding involving the Counterparty.

(f) Guarantor Waivers. The Guarantor hereby waives (i) promptness, diligence, presentment, demand of payment, protest, order and, except as set forth in paragraph (a) hereof, notice of any kind in connection with the Contract and this Guaranty; (ii) any requirement that PG&E exhaust any right to take any action against the Counterparty or any other person prior to or contemporaneously with proceeding to exercise any right against the Guarantor under this Guaranty; (iii) to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability under or the enforcement of this Guaranty; (iv) any right to require PG&E to (A) proceed against or exhaust any insurance or security held from the Counterparty or any other party, or (B) pursue any other remedy available to PG&E; (v) any defense based on or arising out of any defense of the Counterparty other than payment in full of the amount(s) owed, including without limitation any defense based on or arising out of the disability of the Counterparty, the unenforceability of the indebtedness from any cause, or the cessation from any cause of the liability of the Counterparty, other than payment in full of the amount(s) owed. The Guarantor agrees that PG&E may, at its election, foreclose on any security held by PG&E, whether or not the means of foreclosure is commercially reasonable, or exercise any other right or remedy available to PG&E without affecting or impairing in any way the liability of the Guarantor under this Guaranty, except to the extent the amount(s) owed to PG&E by the Counterparty have been paid. The Guarantor further agrees that until all amounts owed by the Counterparty to PG&E are paid in full, even though such amounts may in total exceed the Guarantor’s liability hereunder, the Guarantor shall have no right of subrogation, waives any right to enforce any remedy that PG&E has or may have against the Counterparty, and waives any benefit of and any right to participation in any security from the Counterparty now or later held by the Guarantor. The Guarantor assumes all responsibility for keeping itself informed of the Counterparty’s financial condition and all other factors affecting the risks and liability assumed by the Guarantor hereunder, and PG&E shall have no duty to advise the Guarantor of information known to it regarding such risks.

(g) No Assignment of Guaranty Obligations Without Consent. The Guarantor may not assign or otherwise transfer its obligations under this Guaranty to any other party without the prior written consent of PG&E, the exercise of which shall be in PG&E’s sole discretion.

(h) Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine.
(i) **Jurisdiction.** With respect to any suit, action or proceedings (collectively “Proceedings”) relating to this Guaranty Agreement, Guarantor irrevocably: (i) submits to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City; and (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, and any claim of inconvenient forum, and any objection to the jurisdiction of any such court.

(j) **Severability.** In the event that any provision of this Guaranty conflicts with the law or if any such provision is held to be invalid, illegal or unenforceable, such provision shall be deemed to be restated to reflect as nearly as possible the original intention of the parties in accordance with applicable law or, if that is not possible, the provision shall be deleted, and the remainder of this Guaranty shall remain in full force and effect.

(k) **Representations and Warranties.** The Guarantor, through its undersigned officer, represents and warrants to PG&E that (i) the Counterparty is a subsidiary or other affiliate of the Guarantor, (ii) the Guarantor is a duly organized and validly existing corporation or other legal entity in good standing under the laws of the jurisdiction of its incorporation or formation, (iii) the Guarantor has the corporate power and legal authority to execute, deliver and perform the terms and provisions of this Guaranty and has taken all necessary corporate and other action to authorize the execution, delivery and performance by it of this Guaranty, (iv) the Guarantor has duly executed and delivered this Guaranty, and (v) this Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

(l) **No Amendment; No PG&E Waiver.** This Guaranty shall not be amended without the prior written consent of PG&E. Any amendment to this Guaranty made in violation of this provision shall be null and void. No right, power, remedy or privilege of PG&E under this Guaranty shall be deemed to have been waived by any act or conduct on the part of PG&E, or by any neglect to exercise any right, power, remedy or privilege, or by any delay in doing so, and every right, power, remedy or privilege of PG&E hereunder shall continue in full force and effect until specifically waived or released in a written document executed by PG&E. Any such written waiver or release of a right, power, remedy or privilege on any one occasion shall not be construed as a bar to any right, power, remedy or privilege which PG&E would otherwise have on any future occasion. No single or partial exercise of any right, power, remedy or privilege by PG&E shall preclude any other or further exercise by PG&E of any other right, power, remedy or privilege. The rights and remedies provided in this Guaranty are cumulative and may be exercise singly or concurrently, and are not exclusive of any rights or remedies provided by law.

(m) **Notices.** All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be delivered, mailed, or sent by facsimile transmission to the address and to the individuals indicated below. Either party may periodically change any address to which notice is to be given it by providing notice of such change as provided herein.

If to Guarantor:

______________________________

______________________________
If to PG&E: Pacific Gas and Electric Company

Pacific Gas and Electric Company
77 Beale Street, MC B28L
San Francisco, CA 94105
Attention: Credit Risk Management
Fax: (415) 973.7301
Email: PGERiskCredit@exchange.pge.com

Any notice provided hereunder shall be effective upon actual receipt, if received during the recipient’s normal business hour; or it shall be effective at the beginning of the recipient’s next business day after receipt, if received after the recipient’s normal business hours. If notice is provided by facsimile, the sender shall be responsible for obtaining facsimile receipt confirmation.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed in its name by its duly authorized officer as of the date set forth below.

____________________
By: ________________
Name: ______________
Title: ______________
Date______________
Confirmation for Resource Adequacy Capacity Product for CAISO Resources

This confirmation letter ("Confirmation") confirms the Transaction between Pacific Gas and Electric Company ("Seller") and Silicon Valley Clean Energy Authority ("Buyer"), each individually a “Party” and together the “Parties”, dated as of the Confirmation Effective Date in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Section 3 of this Confirmation. This Transaction is governed by the Edison Electric Institute Master Power Purchase and Sale Agreement between the Parties, effective as of ________________, along with the Cover Sheet, any amendments and annexes thereto (the "Master Agreement") and including, Paragraph 10 of the EEI Collateral Annex to the Master Agreement (Paragraph 10 and the Collateral Annex are both referred to herein as the "Collateral Annex") (the Master Agreement and the Collateral Annex shall be collectively referred to as the “EEI Agreement”). The EEI Agreement and this Confirmation shall be collectively referred to herein as the “Agreement”. Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the EEI Agreement or the Tariff (defined herein). To the extent that this Confirmation is inconsistent with any provision of the EEI Agreement, this Confirmation shall govern the rights and obligations of the Parties hereunder.

1. Definitions

1.1 “Applicable Laws” means any law, rule, regulation, order, decision, judgment, or other legal or regulatory determination by any Governmental Body having jurisdiction over one or both Parties or this Transaction, including without limitation, the Tariff.

1.2 “Availability Incentive Payments” has the meaning set forth in the Tariff and in addition includes payments under the Tariff related to Flexible RA Attributes.

1.3 “Availability Standards” has the meaning set forth in the Tariff.

1.4 “Buyer” has the meaning specified in the introductory paragraph.

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

1.6 “CAISO System” means the location of the Unit is not located within a Local Capacity Area.

1.7 “Capacity Attributes” means, with respect to a Unit, any and all of the following in each case which are attributed to or associated with the Unit at any time during the Delivery Period:

   (a) RA Attributes,

   (b) Local RA Attributes,

   (c) Flexible RA Attributes, and
other current or future defined characteristics (including the ability to generate at a given capacity level, provide ancillary services, ramp up or down at a given rate, and flexibility or dispatch-ability attributes), certificates, tags, credits, howsoever entitled, including any accounting construct or framework applied to any Compliance Obligations.

1.8 “Capacity Procurement Mechanism” or “CPM” has the meaning set forth in the Tariff.

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

1.10 “Capacity Replacement Price” means (a) the price paid for any Replacement Capacity purchased by Buyer pursuant to Section 5.2(a), or (b) absent a purchase of Replacement Capacity, the market price for the Product not delivered by Seller under this Confirmation. Buyer shall determine such market prices in a commercially reasonable manner. For purposes of Section 1.51 of the Master Agreement, “Capacity Replacement Price” shall be deemed the “Replacement Price” for this Transaction.

1.11 “Competitive Solicitation Process” or “CSP” has the meaning set forth in section 43A.4 of the Tariff, as filed in Tariff Amendment to FERC, Docket No. ER15-1783.

1.12 “Compliance Obligations” means the RAR, Local RAR, Flexible RAR, and other resource adequacy requirements associated with the Capacity Attributes as established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction.

1.13 “Compliance Showings” means the (a) Local RAR compliance or advisory showings (or similar or successor showings), (b) RAR compliance or advisory showings (or similar or successor showings), (c) Flexible RAR compliance or advisory showings (or similar or successor showings), and (d) other Capacity Attributes compliance or advisory showings (or similar or successor showings), in each case, an LSE is required to make to the CPUC pursuant to the CPUC Decisions, or to any Governmental Body having jurisdiction.

1.14 “Confirmation” has the meaning specified in the introductory paragraph.

1.15 “Confirmation Effective Date” means the latest signature date found on the signature page of this Confirmation.

1.16 “Contingent Firm RA Product” has the meaning specified in Section 3.3.

1.17 “Contract Log Number” is specified in Appendix A and will be used in accordance with Section 3.6.

1.18 “Contract Price” means, for any Showing Month, the prices specified in Table 4.1 for such period.

1.19 “Contract Quantity” has the meaning set forth in Section 3.5.

1.20 “Contract Term” has the meaning set forth in Section 2.1.
1.21 "CPUC" means the California Public Utilities Commission.

1.22 "CPUC Decisions" means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, 15-06-063 and any other existing or subsequent decisions, resolutions or rulings related to resource adequacy, as may be amended from time to time by the CPUC.

1.23 "CPUC Filing Guide" is the annual document issued by the CPUC which sets forth the guidelines, requirements and instructions for LSE’s to demonstrate compliance with the CPUC’s resource adequacy program as provided in the CPUC Decisions.

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

1.25 "Delivery Period" has the meaning specified in Section 3.4.

1.26 "Emission Reduction Credits" or "ERC(s)" means emission reductions that have been authorized by a local air pollution control district pursuant to California Division 26 Air Resources; Health and Safety Code Sections 40709 and 40709.5, whereby such district has established a system by which all reductions in the emission of air contaminants that are to be used to offset certain future increases in the emission of air contaminants shall be banked prior to use to offset future increases in emissions.

1.27 "Environmental Costs" means costs incurred in connection with acquiring and maintaining all environmental permits and licenses for the Product, and the Product’s compliance with all applicable environmental laws, rules and regulations, including capital costs for pollution mitigation or installation of emissions control equipment required to permit or license the Product, all operating and maintenance costs for operation of pollution mitigation or control equipment, costs of permit maintenance fees and emission fees as applicable, and the costs of all Emission Reduction Credits or Marketable Emission Trading Credits (including any costs related to greenhouse gas emissions) required by any applicable environmental laws, rules, regulations, and permits to operate, and costs associated with the disposal and clean-up of hazardous substances introduced to the site, and the decontamination or remediation, on or off the site, necessitated by the introduction of such hazardous substances on the site.

1.28 "Firm RA Product" has the meaning specified in the Section 3.2.

1.29 "Flexible Capacity Category" has the meaning set forth in the Tariff.

1.30 "Flexible RA Attributes" means any and all flexible resource adequacy attributes, as may be identified at any time during the Delivery Period by the CPUC, CAISO
or other Governmental Body having jurisdiction that can be counted toward Flexible RAR, exclusive of any RA Attributes and Local RA Attributes.

1.31 "Flexible RA Quantity" means the amount of Flexible RA Attributes associated with the Product to be delivered by Seller to Buyer by each Unit, equivalent to the Unit EFC multiplied by the Prorated Percentage of Unit Flexible Factor and as specified in Appendix A.

1.32 "Flexible RAR" means the flexible resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction.

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

1.34 "Letter of Credit" means an irrevocable, non-transferable, standby letter of credit the form of which must be substantially as contained in Appendix C to this Confirmation; provided, that, if the issuer is a U.S. branch of a foreign commercial bank, the intended beneficiary may require changes to such form; and the issuer must be a Qualified Institution on the date of delivery of the Letter of Credit to the Secured Party. In case of a conflict of this definition with any other definition of "Letter of Credit" contained in the Master Agreement or any exhibit or annex thereto, this definition shall supersede any such other definition for purposes of the Transaction to which this Confirmation applies.

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

1.36 "Local Capacity Area" has the meaning set forth in the Tariff.

1.37 "Local RA Attributes" means, for each Unit, any and all resource adequacy attributes or other locational attributes related to a Local Capacity Area, as may be identified at any time during the Delivery Period by the CPUC, CAISO or other Governmental Body having jurisdiction, associated with the physical location or
1.38 “Local RAR” means the local resource adequacy requirements established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

1.39 “LSE” means load-serving entity.

1.40 “Marketable Emission Trading Credits” means without limitation, emissions trading credits or units pursuant to the requirements of California Division 26 Air Resources; Health & Safety Code Section 39616 and Section 40440.2 for market based incentive programs such as the South Coast Air Quality Management District’s Regional Clean Air Incentives Market, also known as RECLAIM, and allowances of sulfur dioxide trading credits as required under Title IV of the Federal Clean Air Act (see 42 U.S.C. § 7651b.(a) to (f)).

1.41 “Master Agreement” has the meaning specified in the introductory paragraph.

1.42 “Monthly Payment” has the meaning specified in Section 4.1.

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

1.44 “Net Qualifying Capacity” has the meaning set forth in the Tariff.

1.45 “Non-Availability Charges” has the meaning set forth in the Tariff.

1.46 “Non-Summer Period” means all of the months in a calendar year other than those months in the Summer Period.

1.47 “Notice” or “Notify” has the meaning set forth in Section 10.

1.48 “Outage” means any disconnection, separation, or reduction in the capacity of any Unit.

1.49 “Planned Outage” means subject to and as further described the Tariff, a CAISO-approved planned or scheduled disconnection, separation or reduction in capacity of a Unit that is conducted for the purposes of carrying out routine repair or maintenance of such Unit, or for the purposes of new construction work for such Unit.

1.50 “Planned Outage Schedule” has the meaning specified in Section 3.8.

1.51 “Product” has the meaning specified in Section 3.1.

1.52 “Prorated Percentage of Unit Factor” means the percentage of the Unit NQC or other Capacity Attributes (excluding Flexible RA Attributes) available during the
Showing Month that is dedicated to Buyer under this Transaction as specified in Appendix A.

1.53 “Prorated Percentage of Unit Flexible Factor” means the percentage of the Unit EFC available during the Showing Month that is dedicated to Buyer under this Transaction as specified in Appendix A.

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

1.55 “RA Attributes” mean, for each Unit, any and all resource adequacy attributes, as may be identified from time to time by the CPUC, CAISO or other Governmental Body having jurisdiction that can be counted toward RAR, exclusive of any Local RA Attributes and Flexible RA Attributes.

1.56 “RA Availability Factor” means, for each Unit, expressed as a percentage, the minimum of (a) the Unit Contract Quantity for a Showing Month as reduced according to Section 3.3(b) only if applicable, divided by the Unit Contract Quantity set forth in Appendix A as of the Confirmation Effective Date and (b) the Flexible RA Quantity for a Showing Month as reduced according to Section 3.3(c) only if applicable, divided by the Flexible RA Quantity set forth in Appendix A as of the Confirmation Effective Date. The Unit’s RA Availability Factor shall not exceed 1.00.

1.57 “RA Availability Factor Adjustment” has the meaning specified in Section 4.2.

1.58 “RA Replacement Capacity” has the meaning specified in the Tariff.

1.59 “RAR” means the resource adequacy requirements (other than Local RAR or Flexible RAR) established for LSEs by the CPUC pursuant to the CPUC Decisions, or by any other Governmental Body having jurisdiction.

1.60 “Replacement Capacity” means capacity which has equivalent Capacity Attributes as the portion of the Product not provided by the Units committed to Buyer.

1.61 “Replacement Rules” means rules defined for RA Replacement Capacity pursuant to the Tariff, and additionally includes any replacement rules incorporated into the Tariff with respect to Flexible RA Attributes.

1.62 “Replacement Unit” means a Unit providing Replacement Capacity.

1.63 “Residual Unit Commitment” has the meaning set forth in the Tariff.
1.64 “Resource Category” shall be as described in the CPUC Filing Guide.

1.65 “RMR Contract” means a Reliability Must-Run Contract as set forth in the Tariff.


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

1.68 “Seller” has the meaning specified in the introductory paragraph.

1.69 “Showing Month” shall be each day of each calendar month of the Delivery Period that is the subject of the Compliance Showings, as set forth in the CPUC Decisions. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly Compliance Showings made in June are for the Showing Month of August.

1.70 “Substitute Capacity” means the amount of Unit Contract Quantity in which Buyer has requested Seller or Seller’s SC to not include in its Supply Plan which Buyer can utilize as (i) RA Replacement Capacity pursuant to Section 9 of the Tariff or (ii) substitute capacity pursuant to Section 40 of the CAISO Tariff.

1.71 “Substitution Rules” means rules defined for substitute capacity pursuant to Section 40 of the Tariff, and additionally includes any replacement rules incorporated into the Tariff with respect to Flexible RA Attributes.

1.72 “Summer Period” means the months May through September, inclusive.

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

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

1.75 “Transaction” has the meaning specified in the introductory paragraph.

1.76 “Unit” or “Units” shall mean the generation assets described in Appendix A (including any Replacement Units), from which Product is provided by Seller to Buyer.

1.77 “Unit Contract Quantity” means the amount of Product to be delivered by Seller to Buyer by each Unit, equivalent to the Unit NQC multiplied by the Prorated Percentage of Unit Factor as specified in Appendix A and as may be reduced according to Section 3.3(a)-(c) as applicable.

1.78 “Unit EFC” means the effective flexible capacity that is or will be set by the CAISO for the applicable Unit.

1.79 “Unit NQC” means the Net Qualifying Capacity set by the CAISO for the applicable Unit.
1.80 "Unit Quantity" means the amount of Product actually delivered by Seller to Buyer by each Unit.

2. Term

2.1 Contract Term

The "Contract Term" shall mean the period of time commencing upon the Confirmation Effective Date and continuing until the later of (a) the expiration of the Delivery Period or (b) the date the Parties' obligations under the Agreement have been fulfilled.

2.2 Binding Nature

This Agreement shall be effective and binding as of the Confirmation Effective Date.

3. Transaction

3.1 Product

(a) Seller shall sell and Buyer shall receive and purchase, the Capacity Attributes of the Units identified in Appendix A (collectively, the "Product") and Seller shall deliver the Product as either a Firm RA Product or a Contingent Firm RA Product, as selected in Section 3.2 or 3.3 below. Product does not confer to Buyer any right to dispatch or receive the energy or ancillary services from the Units. Seller retains the right to sell any Product from a Unit in excess of its Unit Contract Quantity.

(b) Notwithstanding Section 6.1, the Parties agree that the Contract Price for the Product shall not change even if the attributes or characteristics of Capacity Attributes are further applied, defined, or identified during the Delivery Period.

3.2 Firm RA Product

Seller shall provide Buyer with the Product in the amount of the Contract Quantity. If the Units are not available to provide any portion of the Product for any reason, Seller shall provide Buyer with Replacement Capacity from one or more Replacement Units pursuant to Section 5.1. If Seller fails to provide Buyer with Replacement Capacity pursuant to Section 5.1, then Seller shall be liable for damages and/or to indemnify Buyer for penalties, fines or costs pursuant to the terms of Section 5.

3.3 Contingent Firm RA Product

Seller shall provide Buyer with the Product in the amount of the Contract Quantity. If the Units are not available to deliver any portion of the Product in accordance with Sections 3.6 and 3.7, then Seller shall provide Buyer with Replacement Capacity from one or more Replacement Units pursuant to Section 5.1 except for the events in Sections 3.3 (a)-(c). If Seller fails to provide Buyer with such Replacement Capacity pursuant to Section 5.1 or Seller fails to comply with the Planned Outage scheduling obligations in Section 3.3(a), then Seller shall be liable for damages and/or indemnify Buyer for penalties, fines or costs pursuant to the terms of Sections 5.2 and 5.3. If the Units provide less than the Contract Quantity due to the events in Sections 3.3 (a)-(c), then Seller shall not provide Buyer with Replacement Capacity and Seller is not liable for damages and/or required to indemnify
Buyer for penalties, fines or costs pursuant to the terms of Section 5 for the Contract Quantity reductions in Sections 3.3(a)-(c).

(a) **Planned Outage**: Seller shall not schedule a Planned Outage in the Summer Period during the Delivery Period but may schedule a Planned Outage in the Non-Summer Period during the Delivery Period with the prior written consent from Buyer (which consent shall not be unreasonably withheld); provided that Seller may schedule a Planned Outage if it is (i) scheduled with and approved by the CAISO after the relevant deadline for the applicable Compliance Showing for the Showing Month and (ii) it does not extend into the next Showing Month. Seller’s obligation to deliver the Contract Quantity for any Showing Month shall be reduced if any portion of the Unit is scheduled for a Planned Outage during the applicable Showing Month, provided that Seller notifies Buyer of the Planned Outage, no later than fifteen (15) Business Days before the relevant deadline for the corresponding Compliance Showing applicable to that Showing Month. If a Unit is scheduled for a Planned Outage for the applicable Showing Month, the Unit Contract Quantity shall be reduced by the product of (i) the unavailable amount of Capacity Attributes (excluding Flexible RA Attributes) and (ii) the Prorated Percentage of Unit Factor; the Flexible RA Quantity shall be reduced by the product of (iii) the unavailable amount of Flexible RA Attributes and (iv) the Prorated Percentage of Unit Flexible Factor. For the avoidance of doubt, Seller may not provide Replacement Capacity for Units on Planned Outage whether properly Noticed and approved in accordance with this Section 3.3(a) or not.

(b) **Reduction in Unit NQC**: Seller’s obligation to deliver the Contract Quantity for any Showing Month shall be reduced in the event the Unit NQC is reduced from the Unit NQC as specified in Appendix A. In such an event, the Unit Contract Quantity for such Unit shall be reduced by the product of (i) the difference in the Unit NQC as specified in Appendix A and the then current Unit NQC and (ii) the applicable Prorated Percentage of Unit Factor for such Unit.

(c) **Reduction in Unit EFC**: Seller’s obligation to deliver the Flexible RA Quantity for any Showing Month shall be reduced in the event the Unit EFC is reduced from the Unit EFC as specified in Appendix A. In such an event, the portion of the Flexible RA Quantity representing Flexible RA Attributes for such Unit shall be reduced by the product of (i) the difference in the Unit EFC as specified in Appendix A and the then current Unit EFC and (ii) the applicable Prorated Percentage of Unit Flexible Factor for such Unit.

3.4 **Delivery Period**

The “Delivery Period” shall be May 2017 through December 2017, unless terminated earlier in accordance with the terms of this Agreement.
3.5 **Contract Quantity:**

During the Delivery Period, Seller shall provide the Product for each day of each Showing Month in the total amounts listed below ("Contract Quantity"), as such amounts may be reduced according to Section 3.3, if applicable:

<table>
<thead>
<tr>
<th>CAISO Resource ID</th>
<th>Product Description</th>
<th>Month - Year</th>
<th>Contract Price ($/kW-month)</th>
<th>Contract Quantity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>See Appendix A</td>
<td>Local Other</td>
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*CAISO Resource ID must match resource in Appendix A*

**Flexible attributes are included in various local and system resources per Appendix A and at no additional cost**

3.6 **Delivery of Product**

Seller shall deliver to Buyer all Capacity Attributes associated with the Contract Quantity for each Showing Month consistent with the following:

(a) Seller shall, on a timely basis, submit, or cause each Unit's SC to submit, Supply Plans, using as a default the Contract Log Number listed in Appendix A, to identify and confirm the Unit Quantity to be provided to Buyer from each Unit for each Showing Month so that the total amount of Unit Quantity identified and confirmed for such Showing Month equals the Contract Quantity, unless specifically requested not to do so by the Buyer pursuant to Section 3.9, and
(b) No later than fifteen (15) Business Days before the applicable Compliance Showing deadlines for each Showing Month, Seller shall cause each Unit’s SC to submit Notice to Buyer which includes Seller’s proposed Supply Plan for such Showing Month in a format and to a platform as communicated by Buyer Notice to Seller prior to the Compliance Showing. Following Buyer’s receipt of Seller’s Notice and proposed Supply Plan, Buyer may Notify Seller no later than ten (10) Business Days before the applicable Compliance Showing deadlines for each Showing Month of any changes to the Supply Plan and Seller shall implement any such changes in the Supply Plan to be submitted to the CAISO. In the event that Buyer does not Notify Seller of any changes to the proposed Supply Plan, Seller may submit the proposed Supply Plan to the CAISO.

3.7 CAISO Offer Requirements

Subject to Buyer’s request under Section 3.9(a), and except to the extent any Unit is in an Outage, Seller shall, or cause each Unit’s SC to, bid and/or schedule with, or make available to, the CAISO the Unit Contract Quantity for each Unit in compliance with the Tariff, and shall, or cause each Unit’s SC, owner, or operator, as applicable, to perform all obligations under the Tariff that are associated with the sale and delivery of Product hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit’s SC, owner, or operator to comply with such Tariff provisions, including any penalties, charges or fines imposed on Seller or such Unit’s SC, owner, or operator for such noncompliance.

3.8 Planned Outage Schedule

Seller shall, or cause each Unit’s SC to, submit to Buyer, a schedule of proposed Planned Outages for the Unit Contract Quantity, if any, that will occur during the Delivery Period, (“Planned Outage Schedule”), on each of the following dates during the Contract Term (i) the Confirmation Effective Date, (ii) thirty (30) days before the applicable year-ahead Compliance Showings, and (iii) no later than January 1, April 1, July 1 and October 1 of each calendar year. Within twenty (20) Business Days after its receipt of a Planned Outage Schedule, Buyer shall Notify Seller of any reasonable request for changes to the Planned Outage Schedule, and Seller shall, to the extent consistent with Good Utility Practices, accommodate Buyer’s requests regarding the timing of any Planned Outage for the Unit Contract Quantity. Seller or a Unit’s SC shall Notify Buyer within five (5) Business Days of any change to a Planned Outage Schedule submitted to Buyer. In the event that the CAISO declares a system emergency during a Planned Outage, Seller shall make reasonable efforts to reschedule such Planned Outage.

3.9 Substitute Capacity

(a) Request for Substitute Capacity: Buyer may request Substitute Capacity from Seller no later than (i) five (5) Business Days before the relevant deadline for each Compliance Showing, or (ii) three (3) Business Days before CAISO’s relevant deadline for LSEs to file RA Replacement Capacity if the Confirmation Effective Date is after Buyer’s Compliance Showing to the CPUC for the relevant Showing Month. For purposes of calculating a Monthly Payment pursuant to Section 4.1, such Substitute Capacity shall be deemed as Unit Quantity provided consistent with Section 3.6.
(b) Seller’s Obligations With Respect to Substitute Capacity: If Buyer makes a request under Section 3.9(a), then after such request, Buyer will provide Seller with three (3) Business Days’ prior Notice indicating the amount and type of Substitute Capacity requested by Buyer and Seller shall (i) make such Substitute Capacity available to Buyer during the applicable Showing Month; (ii) provide timely approval to CAISO of Buyer’s request to use Substitute Capacity in the applicable CAISO systems; and (iii) take, or cause each Unit’s SC to take, all action to allow Buyer to utilize the Substitution Rules or Replacement Rules, as applicable, including, but not limited to, ensuring that the Substitute Capacity will qualify for substitution or replacement under the Substitution/Replacement Rules applicable to the Unit and providing Buyer with all information needed to utilize such rules.

Seller agrees that with respect to all Substitute Capacity that is utilized under the Substitution/Replacement Rules, Seller shall either bid or schedule or cause the Unit’s SC to bid or schedule with, or make available to, the CAISO such Substitute Capacity, as if the capacity had been included on the Supply Plan, in compliance with and subject to the Tariff, and shall perform all, or cause the Unit’s SC, owner, or operator, as applicable, to perform all obligations under the Tariff and comply with all Applicable Laws, in each case that are associated with such Substitute Capacity.

(c) Failure to Provide Substitute Capacity: If Seller fails to provide Substitute Capacity or Buyer is unable to utilize the Substitute Capacity under the Substitution/Replacement Rules, in each case, due to Seller’s failure to fulfill its obligations under Section 3.9(b), then Seller shall pay for any and all costs or charges incurred by Buyer from the CAISO for such failure or inability to utilize the Substitution/Replacement Rules; provided, that if Seller fails to provide Substitute Capacity or Buyer is unable to utilize the Substitution/Replacement Rules, in each case, because the Substitute Capacity does not qualify for substitution under the Tariff, then Seller shall not be responsible for any such costs or charges described in this Section 3.9(c) associated with such inability.

3.10 Buyer’s Re-Sale of Product

Buyer may re-sell all or a portion of the Product.

4. Payment

4.1 Monthly Payment

In accordance with the terms of Article Six of the Master Agreement, Buyer shall make a Monthly Payment to Seller for each Unit after the applicable Showing Month, as follows:

\[
\text{Monthly Payment} = (A \times B \times 1,000) - RA \text{ Availability Factor Adjustment}
\]

where:

\[A = \text{applicable Contract Price (in $/kW-month) for that Showing Month as set forth in Table 4.1 below}\]

\[B = \text{Unit Quantity (in MW) delivered by Seller’s Unit for the Showing Month}\]
RA Availability Factor Adjustment = RA Availability Factor Adjustment calculated pursuant to Section 4.2

The Monthly Payment calculation shall be rounded to two decimal places. In no case shall a Unit’s Monthly Payment be less than zero.

**CONTRACT PRICE TABLE**

Table 4.1

<table>
<thead>
<tr>
<th>Month – Year</th>
<th>Contract Price ($/kW-month)</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2017-December 2017</td>
<td></td>
<td>Local Other</td>
</tr>
<tr>
<td>May 2017-September 2017</td>
<td></td>
<td>System RA</td>
</tr>
<tr>
<td>October 2017 &amp; December 2017</td>
<td></td>
<td>System RA</td>
</tr>
</tbody>
</table>

4.2 RA Availability Factor Adjustment

The Monthly Payment for each Unit shall include an RA Availability Factor Adjustment calculated as follows:

For Firm RA Product

RA Availability Factor Adjustment = 0

For Contingent Firm RA Product

(a) When the Unit’s RA Availability Factor is greater than or equal to 80 percent, the RA Availability Factor Adjustment shall be zero.

(b) When the Unit’s RA Availability Factor is greater than or equal to 50 percent, but less than 80 percent, the RA Availability Factor Adjustment shall be equal to:

\[(0.80 - \text{RA Availability Factor}) \times 0.50 \times \text{the applicable Contract Price} \times \text{Unit Contract Quantity as of the Confirmation Effective Date} \times 1,000.\]

(c) When the Unit’s RA Availability Factor is less than 50 percent, the RA Availability Factor Adjustment shall be equal to:

\[
[((0.80 - 0.50) \times 0.50) + (0.50 - \text{RA Availability Factor})] \times \text{the applicable Contract Price} \times \text{Unit Contract Quantity as of the Confirmation Effective Date} \times 1,000.
\]

The final product of this RA Availability Factor Adjustment calculation shall be rounded to two decimal places. The RA Availability Factor Adjustment for each Unit shall be subtracted from the Monthly Payment as shown in Section 4.1 to determine the amount due to Seller for Unit Quantity provided hereunder from each Unit.
4.3 Allocation of Other Payments and Costs

(a) Seller shall retain any revenues it may receive from and pay all costs charged by, the CAISO or any other third party with respect to any Unit including those charged to Buyer for (i) start-up, shutdown, and minimum load costs, (ii) capacity revenue for ancillary services, (iii) energy sales, and (iv) any revenues for black start or reactive power services. Seller shall indemnify, defend and hold Buyer harmless from and against all liabilities, damages, claims, losses, costs or expenses (including, without limitation, attorneys’ fees) incurred by or brought against Buyer in connection with Environmental Costs.

(b) Buyer shall be entitled to receive and retain all revenues associated with the Contract Quantity during the Delivery Period including any capacity or availability revenues from RMR Contracts for any Unit, Capacity Procurement Mechanism or its successor including the Competitive Solicitation Process, and Residual Unit Commitment (RUC) Availability Payments, or its successor, but excluding payments described in Section 4.3(a)(i)-(iv). Revenues from CPM shall be pro-rated by the following calculation: the product of (i) the CPM quantity of the Unit, as published by CAISO, divided by the Unit NQC; and (ii) Contract Quantity.

(c) Seller shall cause Unit’s SC to not accept any proposed CPM designation by the CAISO unless and until Buyer has agreed to accept such designation; Seller shall cause the Unit’s SC to promptly notify Buyer within one (1) Business Day of the time SC receives a proposal from CAISO to designate any portion of the Contract Quantity as CPM Capacity.

(d) In accordance with Section 4.1 of this Confirmation and Article Six of the Master Agreement, all such Buyer revenues described in Section 4.3(b), but received by Seller, or a Unit’s SC, owner, or operator shall be remitted to Buyer, and Seller shall pay such revenues to Buyer if a Unit’s SC, owner, or operator fails to remit those revenues to Buyer. In order to verify the accuracy of such revenues, Buyer shall have the right, at its sole expense and during normal working hours after reasonable prior Notice, to hire an independent third party reasonably acceptable to Seller to audit any documents, records or data of Seller associated with the Contract Quantity.

(e) If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit the Contract Quantity for re-sale in such market, and retain and receive any and all related revenues. If a Competitive Solicitation Process for capacity (including backstop capacity) develops within the CAISO region, Seller has not and shall not offer or commit any portion of Contract Quantity to CAISO through the CSP unless instructed by Buyer to do so.

(f) Subject to the Units being made available to the CAISO in accordance with Article 3 of this Confirmation, Seller agrees that the Units are subject to the terms of the Availability Standards, Non-Availability Charges, and Availability Incentive Payments under Section 40.9 of the Tariff. Furthermore, the Parties agree that any Availability Incentive Payments are for the benefit of Seller and for Seller’s account and that any Non-Availability Charges are the responsibility of Seller and for Seller’s account.

(g) In the event that Seller fails, or fails to cause a Unit’s SC, to Notify Buyer of a Planned Outage with respect to such Unit in accordance with Section 3.3(a), Seller agrees that
it shall reimburse Buyer for the backstop capacity costs, if any, charged to Buyer by the CAISO due to Seller's failure to provide such Notice.

4.4 Offset Rights

Either Party may offset any amounts owing to it for revenues, penalties, fines, costs, reimbursement or other payments pursuant to Article Six of the Master Agreement against any future amounts it may owe to the other Party under this Confirmation.

5. Seller's Failure to Deliver Contract Quantity

5.1 Seller’s Duty to Provide Replacement Capacity

If Seller is unable to provide the Contract Quantity for any Showing Month by delivery of the Product pursuant to Section 3.6, and is required to provide Replacement Capacity pursuant to Sections 3.2 or 3.3, as applicable, then:

(a) Seller shall, at no cost to Buyer, provide Buyer with Replacement Capacity from one or more Replacement Units, such that the total amount of Product provided to Buyer from all Units and Replacement Units equals the Contract Quantity, and;

(b) Seller shall identify Replacement Units (i) no later than fifteen (15) Business Days before the relevant deadline for Buyer’s Compliance Showings, or (ii) in the event that the Confirmation Effective Date occurs after Buyer’s Compliance Showing to the CPUC for the Delivery Period, no later than three (3) Business Days prior to CAISO’s relevant deadline for filing of RA Replacement Capacity for the portion of the Contract Quantity not available to Buyer;

provided that the designation of any Replacement Unit by Seller shall be subject to Buyer’s prior written approval, which shall not be unreasonably withheld. Once Seller has identified in writing any Replacement Units that meet the requirements of this Section 5.1 and Buyer has approved the designation of the Replacement Unit, then any such Replacement Unit shall be deemed a Unit for purposes of this Confirmation for that Showing Month. Notwithstanding anything to the contrary in this Confirmation, failure to properly provide Replacement Capacity, including Seller’s obligation to identify Replacement Units by the relevant date specified in Section 5.1(b) may result in the calculation of damages payable to Buyer under Section 5.2 and/or the indemnification of Buyer against any penalties, fines or costs under Section 5.3.

5.2 Damages for Failure to Provide Replacement Capacity

If Seller fails to provide Buyer any portion of the Contract Quantity from Replacement Units as required pursuant to Sections 3.2 and 3.3 for any Showing Month and pursuant to Section 5.1 or if Seller fails to comply with the Planned Outage scheduling obligations in Section 3.3(a), then the following shall apply:

(a) Buyer may, but shall not be obligated to, obtain Replacement Capacity. Buyer may enter into purchase transactions with one or more parties to replace the portion of Contract Quantity not provided by Seller. Additionally, Buyer may enter into one or more arrangements to repurchase its obligation to sell and deliver capacity to another party, and such arrangements shall be considered the procurement of Replacement
Capacity. Buyer shall act in a commercially reasonable manner in purchasing any Replacement Capacity, and

(b) Seller shall pay to Buyer damages, in accordance with the terms of Section 4.1 of the Master Agreement relating to “Accelerated Payment of Damages,” if applicable, an amount equal to the positive difference, if any, between (i) the sum of (A) the actual cost paid by Buyer for any Replacement Capacity, including any penalties, fines, transaction costs and expenses incurred in connection with such procurement, plus (B) Capacity Replacement Price times the portion of Contract Quantity not provided by Seller or purchased by Buyer pursuant to Section 5.2(a), and (ii) the portion of Contract Quantity not provided for the applicable Showing Month times the Contract Price for that month.

5.3 Indemnities for Failure to Deliver Contract Quantity

If Buyer is unable to or does not purchase Replacement Capacity, then in lieu of damages pursuant to Section 5.2(b)(i)(B) with respect to the portion of Contract Quantity that Buyer has not replaced, Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines or costs assessed against Buyer by the CPUC, CAISO, or any Governmental Body having jurisdiction, resulting from any of the following:

(a) Seller’s failure to provide any portion of the Contract Quantity or any portion of the Replacement Capacity,

(b) Seller’s failure to provide timely Notice of the non-availability of any portion of the Contract Quantity,

(c) A Unit’s SC’s failure to submit timely and accurate Supply Plans that identify Buyer’s right to the Unit Contract Quantity to be delivered hereunder, or,

(d) any other failure by Seller to perform its obligations under this Confirmation.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines and costs; provided, that in no event shall Buyer be required to use or change its utilization of its owned or controlled assets or market positions to minimize these penalties, fines and costs. Seller will have no obligation to Buyer under this Section 5.3 in respect to the portion of Contract Quantity for which Seller has paid damages under Section 5.2. It is further agreed that (i) the amounts payable under this Section 5.3 shall be calculated on a $/kW-month basis and (ii) the Contract Price (in $/kW-month) shall be subtracted from any amounts payable under this Section 5.3 for purposes of determining the amount payable by Seller pursuant to this Section 5.3.

6. Other Buyer and Seller Covenants

6.1 Seller’s and Buyer’s Duty to Take Action to Allow the Utilization of the Product

Buyer and Seller shall, throughout the Delivery Period, take commercially reasonable actions and execute any and all documents or instruments reasonably necessary to ensure Buyer’s right to the use of the Contract Quantity for the sole benefit of Buyer’s Compliance Obligations, if applicable. The Parties shall agree upon reasonable changes to this Confirmation necessary to conform this Transaction to subsequent clarifications,
revisions or decisions rendered by the CPUC, FERC, or other Governmental Body having jurisdiction to administer Compliance Obligations.

6.2 Seller’s Representations, Warranties and Covenants

Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

(a) Seller owns or has the exclusive right to the Product to be sold under this Confirmation from each Unit, and shall furnish Buyer, CAISO, CPUC or other Governmental Body with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;

(b) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy Compliance Obligations or analogous obligations in any CAISO or non-CAISO markets, other than pursuant to an RMR Contract between the CAISO and either Seller or a Unit’s owner or operator;

(c) Each Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, and is under the control of CAISO;

(d) Seller shall, and each Unit’s SC, owner and operator is obligated to, comply with Applicable Laws, including the Tariff, relating to the Product;

(e) If Seller is the owner of any Unit, the aggregation of all amounts of Capacity Attributes that Seller has sold, assigned or transferred for any Unit does not exceed the Unit NQC for that Unit;

(f) Seller has notified the SC of each Unit that Seller has transferred the Unit Contract Quantity to Buyer, and that the SC is obligated to deliver the Supply Plans in accordance with the Tariff fully reflecting such transfer;

(g) Seller has notified the SC of each Unit that Seller is obligated to cause each Unit’s SC to provide to Buyer, at least fifteen (15) Business Days before the relevant deadline for each Compliance Showing, the Unit Contract Quantity of each Unit that is to be submitted in the Supply Plan associated with this Confirmation for the applicable period;

(h) Seller has notified each Unit’s SC that Buyer is entitled to the revenues set forth in Section 4.3, and such SC is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues;

(i) In the event Seller has rights to the energy output of any Unit, and Seller or the Unit’s SC schedules energy from the Unit for export from the CAISO Control Area, or commits energy to another entity in a manner that could result in scheduling energy from the Unit for export from the CAISO Control Area, it shall do so only as allowed by, and in accordance with, Applicable Laws and such exports may, if allowed by the Tariff, be curtailed by the CAISO, and;

(j) The owner or operator of each Unit is obligated to maintain and operate each Unit using Good Utility Practice and, if applicable, General Order 167 as outlined by the CPUC in the Enforcement of Maintenance and Operation Standards for Electric
Generating Facilities Adopted May 6, 2004, and is obligated to abide by all Applicable Laws in operating such Unit; provided, that the owner or operator of any Unit is not required to undertake capital improvements, facility enhancements, or the construction of new facilities.

7. **Confidentiality**

Notwithstanding Section 10.11 of the Master Agreement, the Parties agree that Buyer may disclose this Agreement to the CPUC, CAISO and any Governmental Body, as required by Applicable Law, and Seller may disclose the transfer of the Contract Quantity under this Transaction to the SC of each Unit in order for such SC to timely submit accurate Supply Plans; provided, that each disclosing Party shall use reasonable efforts to limit, to the extent possible, the ability of any such applicable Governmental Body, CAISO, or SC to further disclose such information. In addition, in the event Buyer resells all or any portion of the Product, Buyer shall be permitted to disclose to the other party to such resale transaction all such information necessary to effect such resale transaction, other than the Contract Price.

8. **Market Based Rate Authority**

Seller shall, upon the request of Buyer, submit a letter of concurrence in the form attached hereto as Appendix D indicating that this Transaction does not intend to transfer “ownership or control of generation capacity” from Seller to Buyer as the term “ownership or control of generation capacity” is used in 18 CFR § 35.42, as in effect on the date of this Confirmation.

9. **Collateral Requirements**

9.1 **Seller Collateral Requirements.**

Notwithstanding anything to the contrary contained in the Master Agreement, Seller shall, within five (5) Business Days following the Confirmation Effective Date, provide to, and maintain with, Buyer a Fixed Independent Amount as long as Seller or its Guarantor, if any, does not maintain Credit Ratings of at least BBB- from S&P and Baa3 from Moody’s. The “Fixed Independent Amount” shall be [REDACTED] for the current month and all remaining months of the Delivery Period, without the adjustments specified in Section 4.2. For the purposes of calculating the Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, such Fixed Independent Amount for Seller shall be added to the Exposure Amount for Buyer and subtracted from the Exposure Amount for Seller.

9.2 **Buyer Collateral Requirements.**

Notwithstanding anything to the contrary contained in the Master Agreement, Buyer shall, within five (5) Business Days following the Confirmation Effective Date, provide to, and maintain with, Seller a Fixed Independent Amount as long as Buyer or its Guarantor, if any, does not maintain Credit Ratings of at least BBB- from S&P and Baa3 from Moody’s. The “Fixed Independent Amount” shall be [REDACTED] for the current month and all remaining months of the Delivery Period, without the adjustments specified in Section 4.2. For the purposes of calculating the Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, such Fixed Independent Amount for Buyer shall be added to the Exposure Amount for Seller and subtracted from the Exposure Amount for Buyer.
9.3 The Parties further agree that for the purposes of calculating the Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, the Current Mark-to-Market Value for this Transaction is deemed to be zero. If at any time prior to the expiration of the Delivery Period, a liquid market for the Product develops wherein price quotes for such a product can be obtained, the Parties agree to amend the Confirmation to include a methodology for calculating the Current Mark-to-Market Value for this Transaction, consequently affecting each Party’s Exposure.

10. 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 below; provided, however, that Notices of Outages regarding the Units’ operations are to be provided as required pursuant to Sections 3.3 and 3.8. Invoices may be sent by e-mail. A Notice sent by e-mail, which must be as an attached PDF, will be recognized and shall be deemed received on the Business Day on which such Notice was transmitted if received before 5 p.m. Pacific prevailing time (and if received after 5 p.m. Pacific prevailing time, on the next Business Day) and a Notice by overnight mail or courier shall be deemed to have been received two Business Days after it was sent or such earlier time as is confirmed by the receiving Party unless it confirms a prior verbal communication, in which case any such Notice shall be deemed received on the day sent. Appendix B contains the names and addresses to be used for Notices. Either Party may periodically change any address, phone number, e-mail, website, or contact, including such information in Appendix B, to which Notice is to be given by providing Notice of such change to the other Party.

11. Declaration of an Early Termination Date and Calculation of Settlement Amounts

Notwithstanding anything to the contrary in this Confirmation, the Parties shall determine the Settlement Amount for this Transaction in accordance with Section 5.2 of the Master Agreement using the defined terms contained in this Confirmation as applicable. Furthermore, with respect to this Transaction only, the following language is to be added at the end of Section 5.2 of the Master Agreement:

“If Buyer is the Non-Defaulting Party and Buyer reasonably expects to incur penalties, fines or costs from the CPUC, the CAISO, or any other Governmental Body having jurisdiction, because Buyer is not able to include the Contract Quantity in any applicable Compliance Showings due to Seller’s Event of Default and Buyer has not purchased Replacement Capacity, then Buyer may, in good faith, estimate the amount of those penalties or fines on a $/kW-month basis, provided these do not duplicate Losses for that portion of the Contract Quantity not so replaced, subtracting the Contract Price (in $/kW-month) and include this estimate in its determination of the Settlement Amount, subject to accounting to Seller when those penalties or fines are finally ascertained. The rights and obligations with respect to determining and paying any Settlement Amount or Termination Payment, and any dispute resolution provisions with respect thereto, shall survive the termination of this Transaction and shall continue until after those penalties or fines are finally ascertained.”
## Unit Information

**Contract Log Number:** 33B230P01

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<th>Name</th>
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<th>Unit SCID</th>
<th>Unit NQC</th>
<th>Unit EFC</th>
<th>Resource Type</th>
<th>Resource Category (1, 2, 3 or 4)</th>
<th>Flexible Capacity Category (1, 2, or 3)</th>
<th>Path 26 (North or South)</th>
<th>Local Capacity Area (if any, as Of Confirmation Effective Date)</th>
<th>Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment</th>
<th>Run Hour Restrictions</th>
<th>Unit Contract Quantity (MW)</th>
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*To the extent a term is used in this Appendix A but not otherwise defined in this Confirmation, such term shall have the meaning set forth in the Tariff.
APPENDIX B

NOTICES

Name: Silicon Valley Clean Energy Authority, a California joint powers authority ("[Buyer]" or "SVCEA")

All Notices:

Delivery Address:
Street: 333 W. El Camino Real, Suite 290
City: Sunnyvale State: CA Zip: 94087

Mail Address: (if different from above)

Attn:
Phone:
Facsimile:

Invoices and Payments:
Attn: Silicon Valley Clean Energy Authority
tomh@svcleanenergy.org
Phone: (408) 721-5301
Facsimile:

Scheduling:
Attn: ZGlobal and Pacific Energy Advisors,
(eric@zglobal.biz and brian@pacificea.com)
Phone: 916-936-3303
Facsimile:

Wire Transfer:
BNK:
ACCT Title:
ABA:
ACCT:
DUNS:
Federal Tax ID Number:

Credit and Collections:
Attn:
Phone:
Facsimile:

Contract Management
Attn: Silicon Valley Clean Energy Authority
tomh@svcleanenergy.org and brian@pacificea.com
Phone:
Facsimile:

With additional Notices of an Event of Default to Contract Manager:
Attn:
Phone:
Facsimile:

Name: Pacific Gas and Electric Company, a California corporation ("[Seller]" or "PG&E")

All Notices:

Delivery Address:
77 Beale Street, Mail Code N12E
San Francisco, CA 94105-1702

Mail Address:
P.O. Box 770000, Mail Code N12E
San Francisco, CA 94177

Attn: Candice Chan (CWW9@pge.com)
Director, Contract Mgmt & Settlements
Phone: (415) 973-7780
Facsimile: (415) 972-5507

Invoices and Payments:
Attn: Azmat Mukhtar (ASM3@pge.com)
Manager, Bilateral Settlements
Phone: (415) 973-4277
Facsimile: (415) 973-9505

Outages:
Attn: Matt Baker, Outage Coordinator
(ESMOutageCoordinator@pge.com; 
RATTransactionNotificationList@pge.com)
Phone: (415) 973-1721

Credit and Collections:
Attn:
Credit Risk Management
Phone: (415) 972-5188
Facsimile: (415) 973-7301
Email: MCRM-Credit@pge.com

Contract Management
Attn: Elizabeth Motley (EMMG@pge.com)
Contract Management
Phone: (415) 973-2368
Facsimile: (415) 972-5507

With additional Notices of an Event of Default to Contract Manager:
Attn: Ted Yura (THY1@pge.com)
Senior Manager, Contract Management
Phone: (415) 973-8660
Facsimile: (415) 972-5507
APPENDIX C  (RA CONFIRMATION)

FORM OF LETTER OF CREDIT

Issuing Bank Letterhead and Address

STANDBY LETTER OF CREDIT NO. XXXXXXXX

Date:  [insert issue date]

Beneficiary:  [Insert name and address of Beneficiary]  Applicant:  [Insert name and address of Applicant]

Letter of Credit Amount:  [insert amount]

Expiry Date:  [insert date that is one (1) year from offer date]

Ladies and Gentlemen:

By order of [Insert name of Applicant] (“Applicant”), we hereby issue in favor of [Insert name of Beneficiary] (the “Beneficiary”) our irrevocable standby letter of credit No. [Insert number of letter of credit] (“Letter of Credit”), for the account of Applicant, for drawings up to but not to exceed the aggregate sum of U.S. $ [Insert amount in figures followed by (amount in words)] (“Letter of Credit Amount”). This Letter of Credit is available with [Insert name of issuing or paying bank, and the city and state in which it is located] by sight payment, at our offices located at the address stated below, effective immediately, and it will expire at our close of business on [Insert expiry date] (the “Expiry Date”).

Funds under this Letter of Credit are available to the Beneficiary against presentation of the following documents:

1. Beneficiary’s signed and dated sight draft in the form of Exhibit A hereto, referencing this Letter of Credit No. [Insert number] and stating the amount of the demand; and

2. One of the following statements signed by an authorized representative or officer of Beneficiary:

   A. “The amount of the accompanying sight draft under Letter of Credit [Insert number of letter of credit] (the “Draft Amount”) is owed to [Insert name of Beneficiary] by [Insert name of Beneficiary’s counterparty under the RA Confirmation] (“Counterparty”) under Confirmation for Resource Adequacy Capacity Product for CAISO Resources dated [insert date of the Confirmation] between [Insert name of Beneficiary] and Counterparty, which entitles [Insert name of Beneficiary] to draw the Draft Amount under Letter of Credit No. [Insert number];” or
B. “Letter of Credit No. [Insert number] will expire in thirty (30) days or less and [Insert name of Beneficiary’s counterparty under the RA Confirmation] has not provided replacement security acceptable to [Insert name of Beneficiary].”

Special Conditions:

1. Partial and multiple drawings under this Letter of Credit are allowed;
2. All banking charges associated with this Letter of Credit are for the account of the Applicant;
3. This Letter of Credit is not transferable, and;
4. A drawing for an amount greater than the Letter of Credit Amount is allowed, however, payment shall not exceed the Letter of Credit Amount.
5. The Expiry Date of this Letter of Credit shall be automatically extended without amendment for a period of one year and on each successive Expiry Date, unless at least sixty (60) days before the then current Expiry Date, we notify you by registered mail or courier that we elect not to renew this Letter of Credit for such additional period.

We engage with you that drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored upon presentation, on or before the Expiry Date (or after the Expiry Date as provided below), at [Insert bank’s address for drawings].

All demands for payment shall be made either by presentation of originals or copies of documents, or by facsimile transmission of documents to [Insert fax number], Attention: [Insert name of bank’s receiving department]. You may contact us at [Insert phone number] to confirm our receipt of the transmission. Your failure to seek such a telephone confirmation does not affect our obligation to honor such a facsimile presentation.

Our payments against complying presentations under this Letter of Credit will be made no later than on the third (3rd) banking day following a complying presentation.

Except as stated herein, this Letter of Credit is not subject to any condition or qualification. It is our individual obligation, which is not contingent upon reimbursement and is not affected by any agreement, document, or instrument between us and the Applicant or between the Beneficiary and the Applicant or any other party.

Except as otherwise specifically stated herein, this Letter of Credit is subject to and governed by the Uniform Customs and Practice for Documentary Credits, 2007 Revision, International Chamber of Commerce (ICC) Publication No. 600 (the “UCP 600”); provided that, if this Letter of Credit expires during an interruption of our business as described in Article 36 of the UCP 600, we will honor drafts presented in compliance with this Letter of Credit within thirty (30) days after the resumption of our business and effect payment accordingly.

The law of the State of New York shall apply to any matters not covered by the UCP 600.

For telephone assistance regarding this Letter of Credit, please contact us at [Insert number and any other necessary details].

Very truly yours,

[insert name of issuing bank]
SIGHT DRAFT

TO
[INSERT NAME AND ADDRESS OF PAYING BANK]

AMOUNT: $________________________    DATE: __________________________

AT SIGHT OF THIS DEMAND PAY TO THE ORDER OF [INSERT NAME OF BENEFICIARY]
THE AMOUNT OF U.S. $________(______________ U.S. DOLLARS)

DRAWN UNDER [INSERT NAME OF ISSUING BANK] LETTER OF CREDIT NO. [INSERT NUMBER].

REMIT FUNDS AS FOLLOWS:

[INSERT PAYMENT INSTRUCTIONS]

DRAWER

BY:

NAME AND TITLE
APPENDIX D (RA CONFIRMATION)

FORM OF LETTER OF CONCURRENCE

[Date]

[Name]
[Position]
[Company Name]
[Address]

Re: Letter of Concurrence Regarding Control of [Name] Unit

This letter sets forth the understanding of the degree of control exercised by Pacific Gas and Electric Company (“PG&E”) and [Company Name] with respect to [Unit Name] (the “Facility”) for the purposes of facilitating compliance with the requirements of the Federal Energy Regulatory Commission’s (“Commission”) Order No. 697.1 Specifically, Order No. 697 requires that sellers filing an application for market-based rates, an updated market power analysis, or a required change in status report with regard to generation specify the party or parties they believe have control of the generation facility and extent to which each party holds control.2 The Commission further requires that “a seller making such an affirmative statement seek a ‘letter of concurrence’ from other affected parties identifying the degree to which each party controls a facility and submit these letters with its filing.”3

PG&E and [Company Name] have executed a confirmation agreement for resource adequacy capacity (the “Agreement”) with regard to the Facility. The Facility is a [XX] MW [description] facility located in [County, State]. Pursuant to the Agreement, [Company Name] does not intend to transfer “ownership or control of generation capacity” from [Company Name] to PG&E as the term “ownership or control of generation capacity” is used in 18 CFR § 35.42.

If you concur with the statements made in this letter, please countersign the letter and send a copy to me.

Best regards,

_________________
[Author]
[Position]
Pacific Gas and Electric Company

---


2 Order No. 697 at P 186.

3 Order No. 697 at P 187.
Concurring Statement

On behalf of [Company Name], I am authorized to countersign this letter in concurrence with its content.

By: _________________
[Name]
[Company Position]
[Company Name]
Staff Report – Item 1g

To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

Item 1g: Approve Congestion Revenue Rights Entity Agreement with the California Independent System Operator Corporation

Date: 3/8/2017

RECOMMENDATION

Authorize the Chief Executive Officer to execute a Congestion Revenue Rights (CRR) agreement with the California Independent System Operator Corporation (CAISO) to allow Silicon Valley Clean Energy to participate in the CRR market.

BACKGROUND & DISCUSSION

In February 2017, the SVCE Board of Directors approved a risk management policy requested by the CAISO and approved the transfer of $500,000 to an account held by CAISO to serve as collateral. Both actions were required to facilitate SVCE’s ability to participate in the CAISO CRR market. Participation in that market will hedge the risk of power deliveries on congested transmission paths that currently exist on the California grid. Staff anticipates that the savings secured by participating in that market will exceed $5 million annually.

ATTACHMENTS

1. CRR Entity Agreement between California Independent System Operator and Silicon Valley Clean Energy
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION

AND

SILICON VALLEY CLEAN ENERGY AUTHORITY

CRR ENTITY AGREEMENT
CONGESTION REVENUE RIGHTS ENTITY AGREEMENT

CRR ENTITY AGREEMENT

THIS AGREEMENT is dated this ____ day of ____________, 2017, and is entered into, by and between:

(1) **Silicon Valley Clean Energy Authority** having its registered and principal place of business located at 333 West El Camino Real, Suite 290, Sunnyvale, California 94087 (the “CRR Entity”);

and

(2) **California Independent System Operator Corporation (“CAISO”),** a California nonprofit public benefit corporation having a principal executive office located at such place in the State of California as the CAISO Governing Board may from time to time designate.

The CRR Entity and the CAISO are hereinafter referred to individually as a “Party” and collectively as the “Parties.”

Whereas:

A. The CAISO Tariff provides that any entity that holds or intends to hold CRRs must register and qualify with the CAISO and comply with the terms of the CAISO Tariff, regardless of whether they are to acquire CRRs through the CRR Allocation or CRR Auction, or through the Secondary Registration System.

B. The CRR Entity has completed the Candidate CRR Holder application process and is eligible to participate in the CRR Allocation or CRR Auction or register as a CRR Holder through the Secondary Registration System.

C. The CAISO Tariff further provides that any entity who wishes to participate in the CRR Allocation or CRR Auction or register as a CRR Holder through the Secondary Registration System must meet all of the Candidate CRR Holder requirements and creditworthiness provisions in the CAISO Tariff and the relevant Business Practice Manual, including demonstration of its ability to accommodate the financial responsibility associated with holding CRRs.

D. The CRR Entity intends to obtain CRRs either through the CRR Allocation or CRR Auction or to register as a CRR Holder through the Secondary Registration System and, therefore, wishes to undertake to the CAISO that it will comply with the applicable provisions of the CAISO Tariff.
E. The Parties are entering into this Agreement in order to establish the terms and conditions pursuant to which the CAISO and the CRR Entity will discharge their respective duties and responsibilities under the CAISO Tariff.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, THE PARTIES AGREE as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Master Definitions Supplement. All terms and expressions used in this Agreement shall have the same meaning as those contained in the Master Definitions Supplement in Appendix A of the CAISO Tariff.

1.2 Rules of Interpretation. The following rules of interpretation and conventions shall apply to this Agreement:

(a) if there is any inconsistency between this Agreement and the CAISO Tariff, the CAISO Tariff will prevail to the extent of the inconsistency;

(b) the singular shall include the plural and vice versa;

(c) the masculine shall include the feminine and neutral and vice versa;

(d) "includes" or "including" shall mean "including without limitation";

(e) references to a Section, Article, or Schedule shall mean a Section, Article, or a Schedule of this Agreement, as the case may be, unless the context otherwise requires;

(f) a reference to a given agreement or instrument shall be a reference to that agreement or instrument as modified, amended, supplemented, or restated through the date as of which such reference is made;

(g) unless the context otherwise requires, references to any law shall be deemed references to such law as it may be amended, replaced, or restated from time to time;

(h) unless the context otherwise requires, any reference to a "person" includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization, or other entity, in each case whether or not having separate legal personality;
(i) unless the context otherwise requires, any reference to a Party includes a reference to its permitted successors and assigns;

(j) any reference to a day, week, month, or year is to a calendar day, week, month, or year; and

(k) the captions and headings in this Agreement are inserted solely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and conditions of this Agreement.

ARTICLE II

ACKNOWLEDGEMENTS OF CRR ENTITY AND CAISO

2.1 Scope of Application to Parties. The CRR Entity and CAISO acknowledge that all Candidate CRR Holders or CRR Holders must sign this Agreement in accordance with section 4.10.1.9.1 of the CAISO Tariff.

ARTICLE III

TERM AND TERMINATION

3.1 Effective Date. This Agreement shall be effective as of the later of the date it is executed by both Parties or the date accepted for filing and made effective by FERC, if such FERC filing is required, and shall remain in full force and effect until terminated pursuant to Section 3.2 of this Agreement.

3.2 Termination

3.2.1 Termination by CAISO. Subject to Article V, the CAISO may terminate this Agreement by giving written notice to the CRR Entity of termination in the event that the CRR Entity commits any material default under this Agreement and/or the CAISO Tariff as it pertains to this Agreement which, if capable of being remedied, is not remedied within thirty (30) days after the CAISO has given, to the CRR Entity, written notice of the default, unless excused by reason of Uncontrollable Forces in accordance with Article X of this Agreement or unless the CAISO agrees, in writing, to an extension of the time to remedy such material default. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC, if this Agreement was filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if: (1) the filing of the notice of termination is made after the preconditions for termination have been met and the CAISO files the notice of termination within sixty (60) days after issuance of the notice of default; or (2) the CAISO files the
notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if filed with FERC, or thirty (30) days after the date of the CAISO’s notice of default, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

3.2.2 Termination by CRR Entity. In the event that the CRR Entity is no longer a CRR Holder, it may terminate this Agreement, on giving the CAISO not less than ninety (90) days’ written notice; provided, however, that any outstanding financial right or obligation or any other obligation under the CAISO Tariff of the Candidate CRR Holder or CRR Holder that have arisen while the CRR Entity was a Candidate CRR Holder or a CRR Holder, and any provision of this Agreement necessary to give effect to such right or obligation shall survive until satisfied. With respect to any notice of termination given pursuant to this Section, the CAISO must file a timely notice of termination with FERC, if this Agreement has been filed with FERC, or must otherwise comply with the requirements of FERC Order No. 2001 and related FERC orders. The filing of the notice of termination by the CAISO with FERC will be considered timely if: (1) the request to file a notice of termination is made after the preconditions for termination have been met and the CAISO files the notice of termination within sixty (60) days after receipt of such request; or (2) the CAISO files the notice of termination in accordance with the requirements of FERC Order No. 2001. This Agreement shall terminate upon acceptance by FERC of such a notice of termination, if such notice is required to be filed with FERC, or upon ninety (90) days after the CAISO’s receipt of the CRR Entity’s notice of termination, if terminated in accordance with the requirements of FERC Order No. 2001 and related FERC orders.

ARTICLE IV

GENERAL TERMS AND CONDITIONS

4.1 CRR Holder Requirements. The CRR Entity must register and qualify with the CAISO and comply with all terms of the CAISO Tariff applicable to Candidate CRR Holders or CRR Holders, regardless of the manner in which they acquire CRRs whether by CRR Allocation, CRR Auction, or through the Secondary Registration System.

4.2 CRR Holder Creditworthiness Requirements. The CRR Entity must comply with the requirements for creditworthiness applicable to Candidate CRR Holders or CRR Holders, including the creditworthiness provisions of the CAISO Tariff and the relevant Business Practice Manual.

4.3 Settlement Account. The CRR Entity shall maintain at all times an account with a bank capable of Fedwire transfer and, at its option, may
also maintain an account capable of ACH transfers, to which credits or debits shall be made in accordance with the billing and Settlement provisions of Section 11 of the CAISO Tariff. Such account shall be the account as notified by the CRR Entity to the CAISO from time to time by giving at least seven (7) days written notice before the new account becomes operational.

4.4 **Electronic Contracting.** All submitted applications, bids, confirmations, changes to information on file with the CAISO and other communications conducted via electronic transfer (e.g., direct computer link, FTP file transfer, bulletin board, e-mail, facsimile or any other means established by the CAISO) shall have the same legal rights, responsibilities, obligations and other implications as set forth in the terms and conditions of the CAISO Tariff as if executed in written format.

4.5 **Agreement Subject to CAISO Tariff.** The Parties will comply with all provisions of the CAISO Tariff applicable to Candidate CRR Holders or CRR Holders. This Agreement shall be subject to the CAISO Tariff, which shall be deemed to be incorporated herein.

**ARTICLE V**

**PERFORMANCE**

5.1 **Penalties.** The CRR Entity shall be subject to all penalties made applicable to Candidate CRR Holders and CRR Holders set forth in the CAISO Tariff. Nothing in this Agreement, with the exception of the provisions relating to the CAISO ADR Procedures, shall be construed as waiving the rights of the CRR Entity to oppose or protest the specific imposition by the CAISO of any FERC-approved penalty on the CRR Entity.

5.2 **Corrective Measures.** If the CRR Entity or the CAISO fails to meet or maintain the requirements set forth in this Agreement and/or the CAISO Tariff as it pertains to this Agreement, the CAISO or the CRR Entity shall be permitted to take any of the measures, contained or referenced in the CAISO Tariff, which the Party seeking enforcement deems to be necessary to correct the situation.
ARTICLE VI

COSTS

6.1 Operating and Maintenance Costs. The CRR Entity shall be responsible for all its costs incurred in connection with all its CRR related activities.

ARTICLE VII

DISPUTE RESOLUTION

7.1 Dispute Resolution. The Parties shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. In the event any dispute is not settled, the Parties shall adhere to the CAISO ADR Procedures set forth in Section 13 of the CAISO Tariff, which is incorporated by reference, except that any reference in Section 13 of the CAISO Tariff to Market Participants shall be read as a reference to the CRR Entity and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

8.1 Representation and Warranties. Each Party represents and warrants that the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate and/or governmental actions, to the extent authorized by law.

ARTICLE IX

LIABILITY

9.1 Liability. The provisions of Section 14 of the CAISO Tariff will apply to liability arising under this Agreement, except that all references in Section 14 of the CAISO Tariff to Market Participants shall be read as references to the CRR Entity and references to the CAISO Tariff shall be read as references to this Agreement.
ARTICLE X

UNCONTROLLABLE FORCES

10.1 **Uncontrollable Forces Tariff Provisions.** Section 14.1 of the CAISO Tariff shall be incorporated by reference into this Agreement except that all references in Section 14.1 of the CAISO Tariff to Market Participants shall be read as a reference to the CRR Entity and references to the CAISO Tariff shall be read as references to this Agreement.

ARTICLE XI

MISCELLANEOUS

11.1 **Assignments.** Either Party may assign or transfer any or all of its rights and/or obligations under this Agreement with the other Party's prior written consent in accordance with Section 22.2 of the CAISO Tariff and other CAISO Tariff requirements as applied to Candidate CRR Holders or CRR Holders. Such consent shall not be unreasonably withheld. Any such transfer or assignment shall be conditioned upon the successor in interest accepting the rights and/or obligations under this Agreement as if said successor in interest was an original Party to this Agreement.

11.2 **Notices.** Any notice, demand, or request which may be given to or made upon either Party regarding this Agreement shall be made in accordance with Section 22.4 of the CAISO Tariff, provided that all references in Section 22.4 of the CAISO Tariff to Market Participants shall be read as a reference to the CRR Entity and references to the CAISO Tariff shall be read as references to this Agreement, and unless otherwise stated or agreed shall be made to the representative of the other Party indicated in Schedule 1. A Party must update the information in Schedule 1 of this Agreement as information changes. Such changes to Schedule 1 shall not constitute an amendment to this Agreement.

11.3 **Waivers.** Any waiver at any time by either Party of its rights with respect to any default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not constitute or be deemed a waiver with respect to any subsequent default or other matter arising in connection with this Agreement. Any delay, short of the statutory period of limitations, in asserting or enforcing any right under this Agreement shall not constitute or be deemed a waiver of such right.

11.4 **Governing Law and Forum.** This Agreement shall be deemed to be a contract made under, and for all purposes shall be governed by and construed in accordance with, the laws of the State of California, except its conflict of law provisions. The Parties irrevocably consent that any legal...
action or proceeding arising under or relating to this Agreement to which the CAISO ADR Procedures do not apply, shall be brought in any of the following forums, as appropriate: (i) any court of the State of California, (ii) any federal court of the United States of America located in the State of California, except to the extent subject to the protections of the Eleventh Amendment of the United States Constitution or, (iii) where subject to its jurisdiction, before the Federal Energy Regulatory Commission.

11.5 Consistency with Federal Laws and Regulations. This Agreement shall incorporate by reference Section 22.9 of the CAISO Tariff as if the references to the CAISO Tariff were referring to this Agreement.

11.6 Merger. This Agreement constitutes the complete and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, whether written or oral, with respect to such subject matter.

11.7 Severability. If any term, covenant, or condition of this Agreement or the application or effect of any such term, covenant, or condition is held invalid as to any person, entity, or circumstance, or is determined to be unjust, unreasonable, unlawful, imprudent, or otherwise not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant, or condition shall remain in force and effect to the maximum extent permitted by law, and all other terms, covenants, and conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect and the Parties shall be relieved of their obligations only to the extent necessary to eliminate such regulatory or other determination unless a court or governmental agency of competent jurisdiction holds that such provisions are not separable from all other provisions of this Agreement.

11.8 [NOT USED]

11.9 Amendments. This Agreement and the Schedules attached hereto may be amended from time to time by the mutual agreement of the Parties in writing. Amendments that require FERC approval shall not take effect until FERC has accepted such amendments for filing and made them effective. Nothing herein shall be construed as affecting in any way the right of the CAISO to make unilateral application to FERC for a change in the rates, terms, and conditions of this Agreement under Section 205 of the FPA and pursuant to FERC's rules and regulations promulgated thereunder, and the CRR Entity shall have the right to make a unilateral filing with FERC to modify this Agreement pursuant to Section 206 or any other applicable provision of the FPA and FERC's rules and regulations thereunder; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding.
before FERC in which such modifications may be considered. Nothing in
this Agreement shall limit the rights of the Parties or of FERC under
Sections 205 or 206 of the FPA and FERC’s rules and regulations
thereunder, except to the extent that the Parties otherwise mutually agree
as provided herein. The standard of review FERC shall apply when acting
upon proposed modifications to this Agreement by the CAISO shall be the
"just and reasonable" standard of review rather than the "public interest"
standard of review. The standard of review FERC shall apply when acting
upon proposed modifications to this Agreement by FERC’s own motion or
by a signatory other than the CAISO or non-signatory entity shall also be
the "just and reasonable" standard of review. Schedule 1 is provided for
 informational purposes and revisions to that schedule do not constitute a
material change in the Agreement warranting FERC review.

11.10 Counterparts. This Agreement may be executed in one or more
counterparts at different times, each of which shall be regarded as an
original and all of which, taken together, shall constitute one and the same
Agreement.
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on behalf of each by and through their authorized representatives as of the date hereinabove written.

California Independent System Operator Corporation

By: 

Name: 

Title: 

Date: 

Silicon Valley Clean Energy Authority

By: 

Name: Tom Habashi

Title: CEO

Date: 3/3/2017
CRR Entity

Name of Primary Representative: Tom Habashi
Title: CEO
Company: Silicon Valley Clean Energy
Address: 333 W. El Camino Real, Suite 290
City/State/Zip Code: Sunnyvale, CA 94087
Email Address: tomh@svcleanenergy.org
Phone: (408) 721-5301 x1001
Fax No: Not provided.

Name of Alternative Representative: Don Eckert
Title: Director of Administration & Finance
Company: Silicon Valley Clean Energy
Address: 333 W. El Camino Real, Suite 290
City/State/Zip Code: Sunnyvale, CA 94087
Email Address: don.eckert@svcleanenergy.org
Phone: (408) 721-5301 x1003
Fax No: Not provided.
CAISO

Name of Primary Representative: Regulatory Contracts
Title: N/A
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: RegulatoryContracts@caiso.com
Phone: (916) 351-4400
Fax: (916) 608-5063

Name of Alternative Representative: Christopher J. Sibley
Title: Manager, Regulatory Contracts
Address: 250 Outcropping Way
City/State/Zip Code: Folsom, CA 95630
Email address: csibley@caiso.com
Phone: (916) 608-7030
Fax: (916) 608-5063
**Certificate Of Completion**

Envelope Id: 6F5B9B1958EA4B89AC33F5420C33C2C6  
Subject: Please DocuSign this document: CRREA.pdf  

Source Envelope:  
- Document Pages: 13  
- Supplemental Document Pages: 0  
- Certificate Pages: 5  
- AutoNav: Enabled  
- Enveloped Stamping: Enabled  
- Time Zone: (UTC-08:00) Pacific Time (US & Canada)

**Record Tracking**

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- Holder: Cheryl Adler  
  cadler@caiso.com  
- Location: DocuSign

**Signer Events**

- Tom Habashi  
  tomh@svcleanenergy.org  
  CEO  
  Security Level: Email, Account Authentication (None)  
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- Eric Schmitt  
  eschmitt@caiso.com  
  VP, Operations  
  Security Level: Email, Account Authentication (None)  
  Electronic Record and Signature Disclosure:  
  - Not Offered via DocuSign  
  - ID:

- Cheryl Adler  
  cadler@caiso.com  
  Senior Contract Analyst  
  California Independent System Operator Corporation  
  - Regulatory Contracts  
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**Editor Delivery Events**

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**Agent Delivery Events**

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**Intermediary Delivery Events**

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**Certified Delivery Events**

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| Electronic Record and Signature Disclosure | | |
ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, California Independent Systems Operator Corporation - Regulatory Contracts (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies
At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent
If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind
If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically
Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.
How to contact California Independent Systems Operator Corporation - Regulatory Contracts:
You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: cadler@caiso.com

To advise California Independent Systems Operator Corporation - Regulatory Contracts of your new e-mail address
To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at cadler@caiso.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address.
In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

To request paper copies from California Independent Systems Operator Corporation - Regulatory Contracts
To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to cadler@caiso.com and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with California Independent Systems Operator Corporation - Regulatory Contracts
To inform us that you no longer want to receive future notices and disclosures in electronic format you may:
   i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
   ii. send us an e-mail to cadler@caiso.com and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process.

Required hardware and software

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<tr>
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<td></td>
<td>*Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection</td>
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</table>
** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

**Acknowledging your access and consent to receive materials electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and

- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and

- Until or unless I notify California Independent Systems Operator Corporation - Regulatory Contracts as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by California Independent Systems Operator Corporation - Regulatory Contracts during the course of my relationship with you.
Staff Report – Item 3

To: Silicon Valley Clean Energy Authority Board of Directors
From: Tom Habashi, CEO

Item 3: CEO Report
Date: 3/8/2017

REPORT

SVCEA New Hires
The first round of interviews for the Customer Service Representative (CSR) has concluded. The second round will be conducted this week with the intent of hiring two CSRs to start at SVCE later this month. The Director of Power Resources interviews will begin this week as well.

SmartRate
Staff sent an email response to the resident who spoke at the February board meeting about PG&E’s SmartRate program. In addition, during the week of February 27, a letter was sent to Phase 1 customers who are enrolled in PG&E’s SmartRate program to explain that SVCE does not currently offer an equivalent add-on program. There are approximately 10,000 SmartRate customers in our service area. The letter was sent only to SmartRate customers who have been identified for Phase 1 enrollment, due to opt out eligibility. All other SmartRate customers will receive this letter when they become eligible for enrollment (see attached).

Solar Customers
Staff mailed a letter to all current Net Energy Metering (NEM) customers that details SVCE’s NEM program, including information about the four enrollment phases for solar customers. The letter was sent in three batches to approximately 14,000 NEM customers. The letter is attached for your reference.

Business Letter
Staff informed facilities managers of large commercial and industrial accounts, who also have small and medium commercial accounts, that their small-to-medium accounts would be switched to SVCE in April, while their large accounts would be switched in the July phase. A copy of this letter is provided for your reference.

Enrollment Notices To Date: ~56,000

<table>
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<tr>
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Power Supply Mix
Staff made a fourth attempt to acquire renewable resource type 2 (bundled renewable) and was successful in finding sufficient quantity in the market of that product to fill the open position in CY 2017. Staff is negotiating an enabling agreement with the counter party that claimed to have sufficient PCC2 energy.

ATTACHMENTS
1. Email Response to Resident re: SmartRate
2. Letter from Richard Fancher to the SVCE Board of Directors, March 6, 2017
3. Response to Richard Fancher's Letter to the Board
4. SmartRate Customer Letter
5. Solar Customer Letter
6. Business Letter
7. Community Outreach Update, Feb/March 2017
8. Agenda Planning Document, April – September 2017
Dear Mr. Fancher,

Thank you for contacting us about our rate offerings and the enrollment process for Silicon Valley Clean Energy, and especially your inquiry about the PG&E SMARTRate program. The PG&E published rate specifically excludes Community Choice Energy customers like Silicon Valley Clean Energy (among others) from participating in this program, and therefore we could not provide a matching comparison in our published rates. After we complete our service rollout, we will be offering innovative ways to reduce energy use during peak hours and ways for our customers to save money on their energy bill.

In the meantime, we will be reaching out to all customers in our service area that are enrolled in this rate and provide them with the proper information as well as reminding them of the ability to opt out if they choose to do so.

Thank you again for contacting us and being a valued member of our community.

Pamela Leonard  
Community Outreach Specialist  
(408) 721-5301 ext. 1004
March 6, 2017

HAND DELIVERED

Board of Directors
Silicon Valley Clean Energy Authority
333 W. El Camino Real, Suite 290
Sunnyvale, CA 94087

Directors;

I spoke at your February 8th meeting about PG&E SmartRate alerting you about SVCE’s misleading advertising at least as it applies to SmartRate customers. Most SmartRate customers will see a rate increase under SVCE. Please contact me for the details, which were shared with staff Monday morning, March 6th.

Your notification postcard to residential customers states in bold print, "...at lower rates than PG&E." We have received these twice now. Furthermore, your press release, website and staff make statements to this effect which have been echoed all over the valley. Amazingly, you just sent a letter to current SmartRate customers which has the same bold print "...at lower rates than PG&E" in the very first sentence! This packed two-page letter only acknowledges that their cost might go up in one vague sentence, "Depending upon the amount of energy you use on SmartDays, you may or may not earn a net discount for the year."

Clearly this is misleading to most existing SmartRate customers and also to any other residential customers who might consider SmartRate.

I estimate April’s rollout targets more than 1000 existing SmartRate customers; your staff has the precise number. Additionally, any PG&E individually SmartMetered residential customer is eligible to add-on SmartRate at any time. Your April rollout targets more than 35,000 of these potential SmartRate customers.

Right now, Silicon Valley Clean Energy is providing false information to its potential customers.
I request you take the following actions:

1. Postpone the automatic opt-in enrollment of any SmartRate customers in the April phase of the rollout and send a letter of explanation.

2. Notify by letter *all residential customers* in the April phase something to the effect that you have just now realized that that most SmartRate customers will end up with higher cost under GreenStart.


4. Change your communication materials going forward.

An axiom of crisis management is to get out in front of an embarrassing issue, be forthcoming and don't try to hide mistakes. I recommend you follow this course of action.

Last month I said your priceless SVCE's reputation is at risk. This is still the case, and I hope that by exercising your integrity, SVCE can move forward and keep the community's trust.

Sincerely,

Richard Fancher

cc: Tom Habashi
Memorandum
Silicon Valley Clean Energy Authority

Date: March 6, 2017
To: SVCE Board of Directors
From: Tom Habashi, CEO

Subject: Response to Richard Fancher’s Letter to the Board, Dated March 6, 2017

In an effort to inform our customers of the upcoming new and 100% sourced carbon free energy service, we at SVCE launched general mass communication through enrollment notices (two before launch and two after). These notices, in general, claim lower rates than PG&E’s; it also directs customers to our website where we have a table of rate comparison that explains the energy portion of the bill. These comparisons are directly related to the PG&E published rate schedules and it does not address special program rates such as the SmartRate program, which is a demand response program that has a low adoption rate in comparison to all other rates. This rate provides a discount for the four summer months in return for a higher rate during 15 event days where a customer pays a much higher price for usage. Customers on that rate may or may not see bill savings depending on their energy use and adjusting their usage behavior to capture those savings. SVCE’s statement about providing lower rates than PG&E remains correct for more than 96% of residential customers, even if we assume that all customers (4%) that participate in the PG&E demand response rate (SmartRate) will be experiencing bill savings.

For certain special programs such as NEM, RES-BCT or SmartRate, we at SVCE have taken special care to address these program participants directly and with targeted communications. We have sent a letter to all PG&E SmartRate participants that are in our service territory, advising them of the change to their rate and the fact that they will no longer be able to participate in that rate, and reminding them that they can opt out of SVCE service if they choose to do so.

As with all communication, we tend to shape our message to the super majority of our customers and provide information that is relevant to the most common customer profile. That explains why we did not address the SmartRate customers in our general outreach and enrollment notices. By the same strategy we did not address NEM customers (5.5%) in our general outreach to let them know that they will be getting a better deal in their true up from SVCE compared to PG&E pay out where we provide a more generous pay to the net generators.

Finally, rates and programs are likely to be subject to major revisions in 2019 as we give a thorough consideration to cost of service and as PG&E defaults all of their customers to time of use rates.
Dear SmartRate Program Customer,

Beginning in April 2017, Silicon Valley Clean Energy (SVCE) will be your official electricity supplier, bringing you clean, 100% carbon-free power at rates lower than PG&E. Between January and May, you will receive four enrollment postcards announcing SVCE’s electric generation service.

You are receiving this supplemental letter because your electricity account indicates you participate in PG&E’s SmartRate program, and joining SVCE will affect your participation in SmartRate.

About SVCE and Community Choice Energy

Established by twelve local communities, SVCE is a Community Choice Energy agency chartered to provide new and competitive clean power options for local residential and commercial electricity customers. SVCE is responsible for electric generation, purchasing and building electricity supplies.

SVCE supplies 100% carbon-free electricity from sources such as wind, solar and hydropower. PG&E continues to deliver electricity over existing power lines, maintain lines, send bills and provide customer service. It’s a great combination of the same electric service and reliability we’ve always had, but with cleaner energy and lower rates.

SVCE and SmartRate

SmartRate is an optional ‘demand response’ program currently offered by PG&E that provides you with a discount on your regular power rate June 1 through September 30 in return for a much higher rate between 2 p.m. and 7 p.m. on up to 15 ‘SmartDays’ a year - typically hot days where demand on the energy grid is high. Depending upon the amount of energy you use on SmartDays, you may or may not earn a net discount for the year.

Silicon Valley Clean Energy electric generation rate schedules are designed to follow the same rates as PG&E, and are 1% lower. However, at this time, SVCE does not offer an equivalent SmartRate program. In 2019, PG&E is planning to implement new default rates based on electricity used at different times of the day. This may involve changes to the SmartRate program in the future. With SVCE, you will have 100% carbon-free electricity at lower rates than PG&E year round, and will have the opportunity to participate in future demand response programs from SVCE.

If you would like to join your neighbors and be part of the Community Choice Energy program bringing clean, affordable energy to our valley, you do not need to do anything and will be enrolled automatically with Silicon Valley Clean Energy. However, if you would like to continue your participation in the PG&E
SmartRate program, you have the choice to opt out of SVCE service at www.SVCleanEnergy.org or by calling (844) 474-7823.

What are SVCE’s Offerings?

**GreenStart** is SVCE’s standard (default) electric generation service. This service is 100% carbon free, with 50% sourced from eligible renewables such as solar and wind, and 50% from hydro. GreenStart is priced 1% below PG&E’s current generation rate. SVCE customers are automatically enrolled in GreenStart.

If you want to do even more for your community and the environment, you can elect to **upgrade to GreenPrime**, SVCE's premium 100% renewable and carbon-free service, for an additional cost of less than a penny per kilowatt hour ($0.008/kWh).

**SVCE Enrollment, Rates and Billing**

SVCE customers continue to receive a single monthly electric bill from PG&E, with SVCE charges replacing generation charges previously billed by PG&E. Delivery charges continue to be assessed by PG&E, and are not affected by this change. SVCE commercial electric generation rates and comparison information can be found at www.SVCleanEnergy.org.

- **100% Carbon-Free Electricity at Lower Rates**
- **Same Reliable Service**
- **Just One Bill**

SVCE is committed to sourcing clean power at competitive rates. Generation rates are established by SVCE and approved by the SVCE Board of Directors in a public rate-setting process. The board is comprised of an elected official from each of the member communities, bringing local control and transparency. SVCE is a non-profit, public agency with low overhead costs. SVCE is funded by service revenue, and not by taxes or other public funds.

**Available Resources**

SVCE provides customers with new energy choices that deliver savings and significant environmental benefits. In addition, SVCE will work to expand programs for energy efficiency and clean energy infrastructure in our region.

Please visit www.SVCleanEnergy.org/faqs for answers to frequently asked questions on topics such as rates, billing, net metering and governance. Or call our customer service center toll-free at 844-474-SVCE (7823).

**Working Together**

Becoming a Silicon Valley Clean Energy customer means clean electricity, lower rates, strengthening our local economy and advancing our clean energy future here in Silicon Valley. To learn more about Silicon Valley Clean Energy, please visit our website www.SVCleanEnergy.org.

**Thank you for being a valued member of our community, and welcome to SVCE!**

*The Silicon Valley Clean Energy Team*
Dear Solar Customer,

Beginning in April 2017, Silicon Valley Clean Energy (SVCE) will begin providing electricity customers in your community with clean, 100% carbon-free power at costs below PG&E rates. And SVCE offers net metering (NEM) customers like you ways to earn more value from your solar investment. We are sending you this letter to introduce SVCE, SVCE’s NEM service and enrollment schedule, and available resources.

Introducing SVCE and Community Choice Energy

Established by twelve local communities, SVCE is a public Community Choice Energy agency chartered to provide competitive clean power options for local electricity customers. SVCE is responsible for electric generation—purchasing and building clean electricity supplied to the grid.

PG&E continues to deliver electricity over existing power lines, maintain the lines, send bills and provide customer service. It’s a great combination of the same electric service reliability we’ve always had, but with a cleaner energy supply and lower rates.

How will SVCE serve Net Energy Metering customers?

As an SVCE customer, your Net Energy Metering rate structure will work as it does today, with the following changes and improvements:

**Retail Value for Surplus Generation**

SVCE values net surplus generation at your retail rate as earned, a better deal than the wholesale rate (3 - 5 cents/kWh) paid by PG&E.

**Monthly Billing for Generation with Credit Roll Over**

We bill you monthly so you don’t end up with a year’s worth of generation charges in an annual true-up. Excess credits rollover month-to-month.
How and when am I enrolled in SVCE service?
In California, customers in a new Community Choice service area are automatically enrolled, and can ‘opt out’ if they prefer to stay with their existing (PG&E) electric generation service.

Your automatic enrollment with SVCE will be based on your annual NEM true-up date, as shown below. In the months immediately preceding and following your scheduled enrollment, you will receive a total of four postcards communicating your enrollment date, service details and how you can opt out if you choose.

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</tr>
<tr>
<td>November or December 2017, or January 2018</td>
<td>Phase 4 - January 2018</td>
</tr>
</tbody>
</table>

Please be advised that when NEM accounts transition to SVCE, PG&E must perform a true-up on your account. SVCE has scheduled your enrollment on the month of your regularly scheduled annual true-up, or within two months after your true-up. This timing helps limit potential for unanticipated impacts of your PG&E true-up, for example, accumulation of a large payment due or large credit balance. Please note that:

- if your NEM balance is positive at the time of SVCE enrollment, meaning you’ve used more electricity than you’ve generated, this amount will be due to PG&E
- if you have NEM credits banked at the time of SVCE enrollment, PG&E will zero out these credits unless you request net surplus compensation from PG&E
- your monthly PG&E bill will now include any SVCE generation charges due after netting of SVCE generation credits; PG&E distribution charges are still trued-up annually
- your annual true-up date will be re-set to the date of your enrollment with SVCE

What generation services does SVCE provide?
In addition to generating clean energy, most NEM customers also require energy from the
grid. SVCE’s standard generation service **GreenStart** is 100% carbon-free, 50% from eligible renewables such as solar and wind, and 50% from hydro. GreenStart costs 1% less than PG&E’s comparable generation rate.

Optionally, you can upgrade your service to **GreenPrime**, SVCE’s premium 100% renewable and carbon-free service. GreenPrime is available at an added cost of less than a penny a kilowatt-hour ($0.008/kWh). Net generation is valued at this same premium. If you are a GreenPrime customer and you also generate a net annual surplus, you earn even more value for your excess energy production!

If you want to enroll with SVCE **before** your scheduled enrollment date, you can **enroll any time** if you sign up for **GreenPrime** service. Visit [SVCleanEnergy.org/greenprime](http://SVCleanEnergy.org/greenprime).

**Working Together**

SVCE is a non-profit public agency committed to sourcing clean power at competitive rates and keeping overhead costs low. In addition, SVCE will work to expand programs for energy efficiency and clean energy infrastructure in our region. Programs and rates are governed in a transparent fashion, by a board of directors comprised of elected officials from each of the twelve participating communities.

**Available Resources**

Please visit [SVCleanEnergy.org/solar](http://SVCleanEnergy.org/solar) for more information on SVCE’s solar program, and answers to frequently asked questions on solar and other topics such as billing, organization and governance. Or call our customer service center toll-free at 844-474-SVCE (7823).

SVCE offers you new ways to earn value from your solar investment, utilize clean and lower cost electricity when you need it from the grid, and advance our clean energy future here in Silicon Valley!

Thank you,

Tom Habashi
CEO, Silicon Valley Clean Energy
February XX, 2017

Customer Name
Address Line 1
Address Line 2
City, State ZIP

Attention: Please route to Facilities/Energy Procurement Executive

RE: Silicon Valley Clean Energy
Launch of New Electric Generation Service in April 2017

Dear Facilities/Energy Procurement Executive,

Beginning in April 2017, Silicon Valley Clean Energy (SVCE) will provide electricity customers with clean, 100% carbon-free power at costs below PG&E rates.

You are receiving this letter because you are a large commercial energy customer with multiple bundled electric accounts in the new SVCE service area. In this letter, we will introduce SVCE, and provide additional information on the timing and enrollment of your small, medium and large commercial bundled electric accounts. Please note that Direct Access accounts are not affected, as they are not included in this SVCE rollout.

About SVCE and Community Choice Energy

Established by twelve local communities, SVCE is a Community Choice Energy agency chartered to provide competitive clean power options for local electricity customers. SVCE is responsible for electric generation, purchasing and building electricity supplies.

PG&E continues to deliver electricity over existing power lines, maintain lines, send bills and provide customer service. It’s a great combination of the same electric service and reliability we’ve always had, but with cleaner energy and lower rates.
What are SVCE’s electric generation offerings?

GreenStart is SVCE’s standard (default) electric generation service. This service is 100% carbon free, with 50% sourced from eligible renewables such as solar and wind, and 50% from hydro. GreenStart is priced 1% below PG&E’s current generation rate.

If you want to do even more for your community and the environment, you can elect to upgrade to GreenPrime, SVCE’s premium 100% renewable and carbon-free service, for an additional cost of less than a penny per kilowatt-hour ($0.008/kWh).

How does SVCE enrollment work and when?

In California, customers in a new Community Choice service area are automatically enrolled, and can ‘opt out’ if they prefer to stay with their existing (PG&E) electric generation service.

On your regular billing date in April, your small and medium commercial accounts on rate schedules A-1, A-6 and A-10 will be automatically enrolled in our standard GreenStart service. In the months immediately preceding and following your scheduled enrollment, you will receive a total of four postcards communicating your enrollment date for these accounts, service details and how to upgrade or opt out if you choose.

For enrollment of your large commercial accounts on E-19 and E-20 rate schedules, you will be notified again later this spring, for service starting in July 2017.

Rates and Billing

SVCE customers continue to receive a single monthly electric bill from PG&E, with SVCE charges replacing generation charges previously billed by PG&E. Delivery charges continue to be assessed by PG&E, and are not affected by this change. SVCE commercial electric generation rates and comparison information can be found at www.SVCleanEnergy.org. Rates are effective through December 2018.

✓ 100% Carbon-Free Electricity at Lower Rates
✓ Same Reliable Service
✓ Just One Bill

SVCE is committed to sourcing clean power at competitive rates. Generation rates are established by SVCE and approved by the SVCE Board of Directors in a public rate-setting process. The Board is comprised of an elected official from each participating community. SVCE is a non-profit, public agency with low overhead costs. SVCE is funded by service revenue, and not by taxes or other public funds.

Energy Efficiency and Demand Response

SVCE electric generation customers continue to have access to PG&E energy efficiency rebates and incentives, as these programs are funded through public purpose fees assessed on your PG&E bill.

With the exception of PG&E’s Peak Day Pricing program, SVCE business customers remain eligible to participate in demand response programs including those available through third-party aggregators.
Available Resources

SVCE provides business customers with new energy choices that deliver savings and significant environmental benefits. In addition, SVCE will work to expand programs for commercial energy efficiency and clean energy infrastructure in our region.

Please visit SVCleanEnergy.org/faqs for answers to frequently asked questions on topics such as rates, billing, net metering organization and governance. Or call our customer service center toll-free at 844-474-SVCE (7823).

Working Together

Becoming a Silicon Valley Clean Energy customer means clean electricity, lower rates and advancing our clean energy future here in Silicon Valley.

Thank you, and welcome to SVCE!

Sincerely,

Tom Habashi
CEO
# Community Outreach Update
## February/March 2017

## I. Events and Presentations

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Event Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb. 22</td>
<td>7 PM</td>
<td>San Martin Planning Advisory Committee</td>
<td>80 W. Highland Ave, <strong>San Martin</strong></td>
</tr>
<tr>
<td>Mar. 1</td>
<td>7 - 8 PM</td>
<td>Los Altos Community Meeting</td>
<td>Grant Park Community Center, 1575 Holt Ave, <strong>Los Altos</strong></td>
</tr>
<tr>
<td>Mar. 6</td>
<td>7:30 AM - 2 PM</td>
<td>Cupertino High School AP Environmental Science</td>
<td>Cupertino High School, 10100 Finch Ave, <strong>Cupertino</strong></td>
</tr>
<tr>
<td>Mar. 6</td>
<td>6 - 7:30 PM</td>
<td>Saratoga Community Meeting</td>
<td>Saratoga Senior Center, 19655 Allendale Ave, <strong>Saratoga</strong></td>
</tr>
<tr>
<td>Mar. 8</td>
<td>12 - 1 PM</td>
<td>Los Gatos Chamber of Commerce brown bag lunch</td>
<td>Los Gatos Chamber, 10 Station Way, <strong>Los Gatos</strong></td>
</tr>
<tr>
<td>Mar. 13</td>
<td>6 - 7:30 PM</td>
<td>Cupertino Community Meeting</td>
<td>Cupertino Community Hall, 10350 Torre Ave, <strong>Cupertino</strong></td>
</tr>
<tr>
<td>Mar. 15</td>
<td>7 - 8:30 PM</td>
<td>GreenTown Los Altos Meeting</td>
<td>Los Altos Main Library Orchard Room, 13 S. San Antonio Road, <strong>Los Altos</strong></td>
</tr>
<tr>
<td>Mar. 15</td>
<td>6:30 - 7:30 PM</td>
<td>Campbell Community Meeting</td>
<td>Campbell Community Center, Roosevelt Q-80, 1 W. Campbell Ave, <strong>Campbell</strong></td>
</tr>
<tr>
<td>Mar. 16</td>
<td>6:30 - 8 PM</td>
<td>Sunnyvale Community Meeting</td>
<td>Sunnyvale Community Center Community Room, 550 E Remington Dr, <strong>Sunnyvale</strong></td>
</tr>
<tr>
<td>Mar. 22</td>
<td>6:30 - 7:30 PM</td>
<td>Campbell Community Meeting #2</td>
<td>Campbell Community Center, Roosevelt Q-80, 1 W. Campbell Ave, <strong>Campbell</strong></td>
</tr>
<tr>
<td>Mar. 23</td>
<td>7 - 9 PM</td>
<td>Mountain View Community Meeting</td>
<td>City Hall Council Chambers, 500 Castro Street, <strong>Mountain View</strong></td>
</tr>
<tr>
<td>Mar. 23</td>
<td>7 - 8 PM</td>
<td>Gilroy-Morgan Hill Patriots</td>
<td>San Martin Lion’s Club, 12415 Murphy Ave, <strong>San Martin</strong></td>
</tr>
<tr>
<td>Mar. 29</td>
<td>6 - 7:30 PM</td>
<td>Los Altos Hills Community Meeting</td>
<td>Town of Los Altos Hills Council Chambers, 26379 Fremont Road, <strong>Los Altos Hills</strong></td>
</tr>
<tr>
<td>Mar. 30</td>
<td>7 - 8 PM</td>
<td>Gilroy Community Meeting</td>
<td>7351 Rosanna Street, <strong>Gilroy</strong></td>
</tr>
<tr>
<td>Apr. 7</td>
<td>TBA</td>
<td>Sunnyvale Community Movie Night</td>
<td><strong>Sunnyvale</strong></td>
</tr>
<tr>
<td>Apr. 22</td>
<td>8 – 11 AM</td>
<td>Gilroy R5K Fun Run</td>
<td>Christmas Hill Park, 7050 Miller Avenue, <strong>Gilroy</strong></td>
</tr>
<tr>
<td>Apr. 22</td>
<td>11 AM - 3 PM</td>
<td>Cupertino Earth Day &amp; Arbor Day Festival</td>
<td>Civic Center Plaza, 10350 Torre Ave, <strong>Cupertino</strong></td>
</tr>
<tr>
<td>Apr. 30</td>
<td>12 - 4 PM</td>
<td>Sunnyvale Living Green Fair</td>
<td>Sunnyvale Public Library, 665 W Olive Ave, <strong>Sunnyvale</strong></td>
</tr>
</tbody>
</table>
2. **Business Outreach**

**Chambers of Commerce**
SVCE joined the Cupertino and Los Altos chambers, adding to our membership with the Gilroy and Sunnyvale chambers of commerce. Outreach and meetings with other chambers continue.

- SVCE staff presented at the Los Altos Chamber Government Affairs Committee meeting on February 1 and were featured in a new member welcome in their monthly newsletter.
- SVCE presented an update at the Cupertino Chamber’s Legislative Action Committee on March 3.
- SVCE was featured in the Los Gatos Chamber’s February newsletter and staff will present during a brown bag lunch meeting on March 8.

**Trade and Industry Allies**
Staff presenting to the International Facilities Managers Association, Silicon Valley Chapter on March 8, and the California Solar Electric Industry Association on March 22.

**Large Commercial Customers**
Staff presented to Acterra’s semi-annual Corporate Green Teams forum at Infinera in Sunnyvale on March 1. Staff is continuing ongoing outreach and meetings with energy and facilities managers for our large commercial customers.

3. **Communications Working Group**

SVCE staff continues to hold a monthly call on the third Wednesday of each month to coordinate outreach and provide community outreach updates to member agency staff. Participants include sustainability managers, public information officers, environment and outreach staff from our member communities.

SVCE continues to provide sample messaging to our members to include information about SVCE on their websites and social media networks. SVCE and member agency staff are both promoting upcoming community meetings to residents and businesses.

4. **Enrollment Notifications, Upgrade and Opt Out Update**

The final round of pre-enrollment notifications will be mailed on March 13. The notices have been sent in weekly batches to spread out call center volume.

**Upgrades to Greenprime:** 84 Residents; 3 Commercial

**Opt Outs:** 203 Residents; 56 Commercial
5. **Press Releases and Media**

Press Release: [Board of Directors appoint new chair and vice chair](#)

SVCE issued a press release on February 22 to announcing our new board chair and vice chair. The press release also announces the new executive committee members, and welcomes the new members of our board for 2017. The press release is available in the new section of the SVCE website [here](#).

Media:

- [South Bay prepares to start clean-energy alternative](#), Mountain View Voice, published 2-25-2017
- [Community choice energy coming to Silicon Valley in April](#), Mercury News, published 2-24-2017
  - This article was the featured cover story for the Campbell Reporter, Cupertino Courier, Los Gatos Weekly Times, Saratoga News and Sunnyvale Sun
- [Los Altos Residents slated to receive clean energy soon](#), Los Altos Town Crier, published 2-8-2017
- [Clean Energy Program Starts in April](#), The Morgan Hill Times, published 2-8-2017
- [South Valley residents will soon have option to buy clean energy](#), Gilroy Life, published 1/25/2017
## SVCEA Board of Directors Agenda Planning

### MILESTONES

<table>
<thead>
<tr>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEPT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Launch - Phase 1</strong></td>
<td>Ph 1 Notice #1</td>
<td>Ph 1 Notice #4 (60 days after)</td>
<td>Ph 2 Notice #1</td>
<td>Ph 2 Notice #4 (60 days after)</td>
<td>Ph 2 Notice #2</td>
</tr>
<tr>
<td><strong>Launch Phase 2</strong></td>
<td>Enrollment Date</td>
<td>Ph 2 Notice #3 (30 days after)</td>
<td>Ph 3 Notice #1</td>
<td>Ph 2 Notice #3 (30 days after)</td>
<td>Ph 3 Notice #2</td>
</tr>
</tbody>
</table>

### ADMINISTRATION, POLICIES

<table>
<thead>
<tr>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEPT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Update on Operation Launch</strong></td>
<td>Approve Strategic Plan</td>
<td></td>
<td></td>
<td>FY 2017-18 Budget discussion</td>
<td>FY 2017-18 Budget approval</td>
</tr>
<tr>
<td><strong>IT Policies, Energy Risk Management policy</strong></td>
<td>Update operation launch</td>
<td>Update operation launch</td>
<td>Update operation launch</td>
<td>Update operation launch</td>
<td>Update operation launch</td>
</tr>
<tr>
<td><strong>HR Policies</strong></td>
<td></td>
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</table>

### STAFFING

<table>
<thead>
<tr>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEPT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff Appointments</strong></td>
<td>Staff Appointments</td>
<td>Staff Appointments</td>
<td>Staff Appointments</td>
<td>Staff Appointments</td>
<td>Staff Appointments</td>
</tr>
</tbody>
</table>

### CONTRACTS

<table>
<thead>
<tr>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEPT</th>
</tr>
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<tbody>
<tr>
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</tbody>
</table>
Executive Summary

- SVCE ends March with approximately $400,000 in unrestricted cash. As the commissioning date is less than a month away, our cash burn rate has increased. The available lines of credit will provide sufficient working capital until June.

- A draw on the non-revolving line of credit for $500,000 occurred during February. The draw was for a deposit with CAISO to allow SVCE to participate in the congestion revenue market. We should have the deposit returned to us by the end of the summer.

- The Public Agency Retirement System (PARS) and Health Benefits were rolled out in late January and are in effect.

- Financial Reporting – This report includes financial statements converting SVCE from cash basis reporting to accrual basis.
TREASURER REPORT – MARCH 2017

SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

AS OF FEBRUARY 28, 2017

*(Preliminary & Unaudited)*

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>395,570</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>65,140</td>
</tr>
<tr>
<td>Deposits</td>
<td>500,000</td>
</tr>
<tr>
<td>Restricted Cash - Lockbox</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>1,960,710</td>
</tr>
<tr>
<td><strong>Noncurrent Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Capital Assets, net of depreciation</td>
<td>153,423</td>
</tr>
<tr>
<td>Deposits</td>
<td>128,560</td>
</tr>
<tr>
<td>Restricted Cash - Debt Collateral</td>
<td>1,900,000</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>2,181,983</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$4,142,693</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Accrued Payroll &amp; Benefits</td>
<td>16,130</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>16,130</td>
</tr>
<tr>
<td><strong>Noncurrent Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Loan Payable to Bank</td>
<td>3,400,000</td>
</tr>
<tr>
<td>Due to Members</td>
<td>2,730,000</td>
</tr>
<tr>
<td><strong>Total Noncurrent Liabilities</strong></td>
<td>6,130,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$6,146,130</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in Capital Projects</td>
<td>153,423</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(2,156,860)</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>($2,003,437)</td>
</tr>
</tbody>
</table>
## TREASURER REPORT – MARCH 2017

### SILICON VALLEY CLEAN ENERGY AUTHORITY

#### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**October**July 1, 2016 through February 28, 2017

*(Preliminary & Unaudited)*

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Compensation &amp; Benefits</td>
<td>271,041</td>
</tr>
<tr>
<td>Consultants and Other Professional Fees</td>
<td>375,885</td>
</tr>
<tr>
<td>Legal</td>
<td>181,183</td>
</tr>
<tr>
<td>Communications and Noticing</td>
<td>42,887</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>55,633</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$926,629</strong></td>
</tr>
</tbody>
</table>

**Operating Income (Loss)**

- **($926,629)**

<table>
<thead>
<tr>
<th>NONOPERATING REVENUES(Expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and related expenses</td>
</tr>
<tr>
<td>Financing Costs</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET POSITION</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position at beginning of period</td>
<td>(991,172)</td>
</tr>
<tr>
<td>Net Position at end of period</td>
<td><strong>($2,003,437)</strong></td>
</tr>
</tbody>
</table>
## Statement of Cash Flows

**October 1, 2016 through February 28, 2017**

*(Preliminary & Unaudited)*

### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for staff compensation and benefits</td>
<td>(254,911)</td>
</tr>
<tr>
<td>Payments for consultants and other professional services</td>
<td>(537,333)</td>
</tr>
<tr>
<td>Payments for legal fees</td>
<td>(181,183)</td>
</tr>
<tr>
<td>Payments for communications and noticing</td>
<td>(42,887)</td>
</tr>
<tr>
<td>Payments for general and administration</td>
<td>(120,773)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by operating activities</strong></td>
<td><strong>(1,137,087)</strong></td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan proceeds from bank notes and members</td>
<td>3,565,591</td>
</tr>
<tr>
<td>Payments of deposits for collateral</td>
<td>(2,900,000)</td>
</tr>
<tr>
<td>Deposits and collateral paid</td>
<td>(600,000)</td>
</tr>
<tr>
<td>Interest and related expense payments</td>
<td>(8,636)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(77,000)</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by non-capital financing activities</strong></td>
<td><strong>(20,045)</strong></td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>(153,423)</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td><strong>(1,310,555)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>1,706,125</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td><strong>$395,570</strong></td>
</tr>
</tbody>
</table>

**RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th>Operating income (loss)</th>
<th>($926,629)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments to reconcile operating income to net cash provided (used) by operating activities</td>
<td></td>
</tr>
<tr>
<td>(Increase)decrease in prepaid expenses</td>
<td>(65,140)</td>
</tr>
<tr>
<td>Increase(decrease) in accounts payable</td>
<td>(80,353)</td>
</tr>
<tr>
<td>Increase(decrease) in accrued payroll and related</td>
<td>16,130</td>
</tr>
<tr>
<td>Increase(decrease) in accrued liabilities</td>
<td>(81,095)</td>
</tr>
<tr>
<td>Net cash provided (used) by operating activities</td>
<td>($1,137,087)</td>
</tr>
</tbody>
</table>
### HEADCOUNT REPORT THRU FEBRUARY 2017

<table>
<thead>
<tr>
<th>Position</th>
<th>FY 2016-17 Budget</th>
<th>FY 2016-17 Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>1</td>
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* Note: Positions will not be filled in FY 2016-17.
TREASURER REPORT – MARCH 2017

SILICON VALLEY CLEAN ENERGY AUTHORITY
FINANCING SUMMARY ($ in Millions)

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<th>Member Agency Loan</th>
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Forecast

- Non-revolving line of credit
  - Expect to draw $750,000 to fund a deposit requirement with Pacific Gas & Electric.
  - Anticipate additional draw to fund working capital requirements until cash from operations is received.

- Revolving line of credit
  - Expect an additional $1.5 million to fund lockbox requirements for power supply contract with the potential merging of Phase 3 and Phase 2 into July.
  - This line of credit can be used for power supply related expenses such as funding data management services (Calpine Energy Solutions) and billing services (Pacific Gas & Electric) for expenses incurred in April and due in May.
Staff Report – Item 5

To: Silicon Valley Clean Energy Authority Board of Directors
From: Tom Habashi, CEO

Item 5: Request for Deferment of Enrollment to July 2017 for Selected Santa Clara County Municipal Accounts

Date: 3/8/2017

RECOMMENDATION
Approve Santa Clara County’s request to defer enrollment of selected accounts from April 2017 to July 2017.

BACKGROUND

Santa Clara County has approximately 350 accounts scheduled for enrollment with Silicon Valley Clean Energy in the April enrollment period.

Currently, Santa Clara County is in the process of deploying approximately 11MW of solar, across five generating sites. Three of these sites are situated in PG&E territory and two are in SVCE territory.

Since inception of their solar deployment program, the County has planned to utilize PG&E’s RES-BCT (Renewable Energy Self-Generation Bill Credit Transfer) tariff, to apply generation credits from the five generating sites to offset electric generation costs at 47 benefitting accounts. Of these 47 benefitting accounts, 14 are in SVCE territory, and 33 are in PG&E territory. RES-BCT is a tariff only available to governmental agencies, and is not widely utilized.

ANALYSIS & DISCUSSION

It is important to Santa Clara County that this solar deployment is executed under a tariff structure that is the same, or delivers benefits similar to, RES-BCT. Under RES-BCT, generating and benefitting accounts are specifically mapped to one another.

Initial mapping occurred prior to formation of SVCE. The mapping is complex, with generating and benefitting accounts spanning both PG&E and SVCE accounts. This won’t work with the PG&E RES-BCT tariff unless several large accounts are opted out of SVCE. So that SVCE can serve these County accounts, generating accounts need to be aligned with benefitting accounts according to SVCE or PG&E territory, and SVCE needs to develop an “RES-BCT like” tariff.

In recent discussions with Santa Clara County, the County has indicated that they should be able to align SVCE-sited generating accounts with SVCE-sited benefitting accounts.

By May, SVCE will plan to develop an ‘RES-BCT like’ tariff that would mimic the current PG&E tariff, and in addition, allow credits from more than one generating account to serve a single benefitting account – this could potentially simplify administration of the tariff significantly.
To allow time for development and finalization of an SVCE ‘RES-BCT like’ tariff, the County has requested that SVCE push the enrollment period for 16 of the County accounts potentially impacted by the RES-BCT tariff to the July enrollment period.

This means that the County would not need to ‘Opt Out’ any SVCE accounts potentially involved with the RES-BCT arrangement at this time, and could enroll these accounts normally in July under SVCE’s new RES-BCT tariff.

The remaining 330+ County accounts will be enrolled with SVCE in April as planned, as they are not involved in any way with the RES-BCT construct.

**ATTACHMENTS**

1. Request from Santa Clara County to defer enrollment of approximately 16 accounts from April 2017 to July 2017
Don,

As discussed on the phone earlier, the County requests that its RES-BCT connected accounts in SVCE territory be delayed until your July enrollment. In the next two business days we will submit the list of impacted accounts.

Best Regards,

Lin Ortega
Utilities Engineer Program Manager
2310 N. 1st St. Suite 200
San Jose, CA 95131
Office: (408) 993-4643
Staff Report – Item 6

To: Silicon Valley Clean Energy Authority Executive Committee

From: Tom Habashi, CEO

Item 6: Modification to SVCE Program Roll Out

Date: 3/8/2017

Recommendation

Approve the modification to the SVCE Program rollout to combine the second and third phases into one enrollment phase in July 2017.

BACKGROUND

In June of 2016, The SVCE Board approved staff recommendations to roll out the SVCE program in three phases in April, July and October of 2017. In January and February 2017, notifications were sent to customers scheduled to be enrolled in Phase 1 of the program. Phase 1 is comprised of all small and medium commercial customers, member cities’ facilities, 20 percent of residential customers and large commercial customers that opted to participate in the first phase of the program.

DISCUSSION

There are two key factors that prompted staff to recommend the program rollout in phases rather than all at once. First, rolling out the program slowly allows for a reasonable span of time between phases, which in turn negates the need to borrow a considerable sum to hedge against negative cash flow in the early months of program roll out. Secondly, enrolling a large number of customers at once can be taxing to the customer service staff that must be available to address customer issues that are likely to arise during the start of the program. In addition, chances for mistakes and miscommunication between SVCE’s data management vendor, Calpine, and Pacific Gas and Electric (PG&E) might be greater if the number of customers being enrolled is increased.

As required by law, SVCE began sending notifications to customers scheduled to be enrolled in the first phase of the program and plan to send the second notification throughout March 2017. Following the February 8, 2017 board meeting and recognizing that many customers are beginning to wonder why they were relegated to the second or the third phase of the program, staff decided to examine the pros and cons of combining the second and third phases into one enrollment phase in July 2017.

The most obvious advantage is that staff will have ample time to close any open position related to renewable and carbon-free resources that may result from a smaller than anticipated number of opt out customers. If we continue on the current rollout path, we will have only the month of December to close the CY 2017 open position, likely resulting in higher prices. Another advantage is to reduce marketing and outreach expenses due to shortening the enrollment period by three months. More importantly, nearly 45 percent of the residents in the SVCE service territory would no longer have to wait to participate in the program.
As PG&E and Calpine are both responsible for data management, billing and customer service during the transition, staff contacted both parties to advise them of potentially combining the two phases and asked of potential consequences to ensure that accelerating the rollout would be effectively handled. Both parties agreed that they can handle the additional load. It is expected that in April 2017, roughly 300,000 customers will be shifted from PG&E’s service territory to SVCE and Peninsula Clean Energy, therefore, it seems reasonable to assume that Calpine and PG&E would be able to handle the 180,000 customers that will shift to SVCE in July, provided that the Board approves of combining the two phases.

CONCLUSION

Combining Phases 2 and 3 of program implementation has many advantages that outweigh potential negative outcomes.
To: Silicon Valley Clean Energy Authority Board of Directors

From: Tom Habashi, CEO

**Item 7: Approve SVCE Financial Policies**

Date: 3/8/2017

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**RECOMMENDATION**

Approve SVCE Financial Policies FP1 through FP9.

**BACKGROUND**

In April 2016, SVCE was formed as a community aggregation program to provide retail electricity services to residents and businesses in its member agencies. The initial activities needed to launch the program, scheduled for April 3, 2017, were funded by contributions of the member agencies. The Board of Directors have emphasized the need to adopt policies that protect SVCE’s assets and ensures financial stability.

**ANALYSIS & DISCUSSION**

Policies FP1 – FP7 were presented to the Board of Directors at the January 11 meeting. Those policies have been amended to reflect Board comments and direction. FP8 and FP9 covering Investments and Reserves are new to the Board.

The Investments Policy provides goals and standards in managing SVCE’s assets.

The Reserves Policy codifies concepts with respect to projected SVCE operating surplus that were presented at the Executive Committee and Board of Directors meetings in February.

**ATTACHMENTS**

1. FP1 – Accounting
2. FP2 – Budget
3. FP3 – Capital Projects
4. FP4 – Debt Limitations
5. FP5 – Customer Generation Rates
6. FP6 – Purchasing
7. FP7 – Purchasing Cards
8. FP8 – Investments
9. FP9 - Reserves
ACCOUNTING POLICY

Purpose:

The purpose of this policy is to document the Authority’s method of accounting, audit schedule and standards of internal controls.

1. The Authority will establish accounting practices that conform to Generally Accepted Accounting Principles (GAAP) for governmental entities.

2. An independent firm of Certified Public Accountant (CPAs) shall perform an annual financial audit and an official comprehensive annual financial report (CAFR) shall be issued no later than 6 months following fiscal year-end.

3. A management letter, the by-product of an annual audit, shall be presented to the SVCE Board by the independent certified public accounting firm no later than 60 days from issuance of the Authority’s CAFR.

4. Audit contracts shall be competitively bid at least every five years, or sooner as desired by the Board. Staff will present the process and the results of its screening and selection process of the external auditor to the SVCE Board.

5. Quarterly, the Authority’s Accounting Statements including a Balance Sheet, a Profit and Loss Statement and a Supplementary Schedule of Capital Projects shall be submitted to the SVCE Board of Directors.

6. Internal control procedures consistent with Section 404 of Sarbanes Oxley Act, shall be developed and routinely updated to ensure accurate financial reporting and an effective internal control structure over the assets of the Authority.

7. The SVCE Board of Directors may form a five-member advisory committee to serve as the Finance and Audit Committee. The committee primarily will be engaged in an oversight function regarding the Authority’s financial reporting processes and the effectiveness over internal controls. The audit committee,
Category: FINANCIAL MATTERS

consistent with the Sarbanes Oxley Act, shall have Board member representation only. The external auditor shall report results directly to the Audit Committee.
BUDGET POLICY

1. The Chief Executive Officer shall prepare and submit to the Board of Directors a proposed Budget for the following fiscal year two months prior to the end of the fiscal year. The Authority’s Budget shall be in alignment with the Strategic Plan. The Authority’s Budget reflects all activities, including operating and capital programs expenditure.

2. The Chief Executive Officer shall submit a recommended budget for adoption to the Board of Directors in the month following the proposed budget submittal.

3. The annual budget shall be balanced. A balanced budget exists when Total Revenue is greater than or equal to Total Expenditures. Total Revenues shall include all revenues from retail and wholesale sales of electricity, return on investments and withdrawals from reserve funds. Total expenditures shall include all operating expenses and capital programs. Any increase in expenditures or decrease in revenues that would cause the budget to become imbalanced and would require a budget revision is subject to Board approval. Any year-end surplus will be used to maintain reserve levels with the balance available for capital projects, debt reduction and/or one-time-only expenditures.

4. In the event that the Board of Directors does not adopt the Authority’s Budget by the end of the fiscal year, the Board of Directors may adopt a continuing appropriations resolution until such time as the Authority’s Budget is adopted. A continuing appropriations resolution would provide that payments for services performed on behalf of the Authority and authorizations of awarded contracts would continue until such time as the Authority’s Budget is adopted.

5. Staff will prepare a five-year financial forecast annually projecting revenues and expenditures for all operating funds and capital projects. The forecast shall be used as a planning tool in developing the following year’s budget.

6. The Chief Executive Officer shall submit revenue and expenditure projections to the Board of Directors on a quarterly basis unless there are changes in those projections that significantly impact the financial status of the Authority in which...
case, the Board of Directors will be informed at the next Regular or Special Meeting of the Board.

7. The Board of Directors shall approve an amended appropriations resolution at the Mid-Year review period, or quarterly if necessary, to authorize the receipt and expenditure of funds unanticipated in the Authority’s Budget.

8. Any expenditure in excess of the authorized total Authority Budget shall require prior approval by the Board of Directors. The Chief Executive Officer shall establish procedures to ensure that proper controls are implemented for all Authority expenditures.
Category: FINANCIAL MATTERS

CAPITAL PROJECTS POLICY

1. Capital Project Approval Authority
   a. The Chief Executive Officer shall submit to the Board of Directors at the time he/she submits the Budget a proposed capital budget that identifies all capital projects, their scope and amount for the Budget approval.

2. The Chief Executive Officer, in the preparation of the capital budget, shall evaluate all Capital projects based upon, but not limited to, the following criteria:
   a. The benefit to the Authority, including the affect on future operating costs and revenues;
   b. The affect on operations and reliability;
   c. The life of the asset;
   d. The total project costs and schedule for completion;
   e. The consequences of not funding the Capital project;
   f. The sources of funding;
   g. The ongoing impact to the operational budget.

3. Only those operating, administrative, maintenance and interest expenses incurred prior to actual completion of the capital improvement shall be included in the capital budget. After completion of the capital project, such costs shall be included in the operating budget.

4. The Chief Executive Officer shall provide to the Board of Directors a semi-annual Capital Projects Report during the mid-year review, describing the status of ongoing capital projects.
DEBT LIMITATIONS POLICY

1. Capital projects funded through the issuance of bonds or other forms of debt instruments shall be financed for a period not to exceed the expected useful life of the project and in no event shall it exceed 30 years.

2. All professional service providers (underwriters, financial advisors, bond insurers, etc.) shall be competitively bid and will require a request for proposal process unless waived by the Board of Directors.

3. Long-term debt or bond financing shall not be used to support operating expenses.

4. Total annual debt service expense shall not exceed ten percent of operating revenue.

5. The Board of Directors may consider the cost/benefit to the Authority of using lease purchase agreements to finance capital projects that would otherwise be financed through an annual appropriation of Authority funds.

6. Reserve accounts shall be maintained as required by bond requirements and where deemed advisable by the SVCE Board. The Authority shall structure such debt service reserves so that they do not violate IRS arbitrage regulations.

7. Ongoing routine, preventive maintenance should be funded on a pay-as-you-go basis.
CUSTOMER GENERATION RATES

1. Customer Generation Rates will be set at 1% below Pacific Gas & Electric’s (PG&E) generation rates in January 2017. To achieve rate stability, Customer Generation Rates will remain unchanged, subject to substantial and unexpected volatility in wholesale power pricing, until January 2019.

2. For rate setting beyond 2018, electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to support:
   a. The full cost of operations
   b. Debt service
   c. Equity funding of capital investments
   d. Funding of reserve accounts
   e. Any other current obligations

3. In addition to these requirements, electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to ensure a two-times (2.0x) minimum debt service coverage ratio.

4. A rate adequacy review shall be completed every five years at a minimum, through performing a cost of service study.
PURCHASING POLICY

1. Delegation to the Chief Executive Officer

The CEO shall have all necessary and proper authority to approve and execute:

a. contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board;

b. contracts with a not-to-exceed maximum dollar amount of less than or equal to $25,000 per vendor for a given scope of work, per fiscal year;

c. amendments or addenda to existing contracts, regardless of the existing contract’s price or total amount, which improves the terms of the contract to SVCE’s benefit without increasing the contract’s non-to-exceed maximum dollar amount; and

d. in the event of an emergency situation contracts with a not-to-exceed maximum dollar amount of;
   i. $150,000 in the aggregate; or
   ii. $500,000 in the aggregate with the prior written consent of three (3) Executive Committee members

In order to avert or alleviate damage to property, to protect the health, safety and welfare of the community and SVCE’s employees, or to repair or restore damaged or destroyed property of SVCE.

An “emergency situation” for purposes hereof is a situation of this policy is an unexpected event creating (1) an imminent danger to life or property or other material financial loss that calls for immediate action with inadequate time for prior Board approval or (2) an immediate need to repair or restore damaged or destroyed property of SVCE in order to prevent an interruption of services. The Chief Executive Officer shall within thirty (30) days of the emergency, deliver a report to the Board of Directors explaining the necessity for the action, a listing of expenditures made under these emergency powers and any recommended future actions.
PURCHASING CARD POLICY

1. Purchasing Cards or P-Cards, are credit cards issued to authorized employees to make purchases for the Authority. The proper use of P-Cards helps our business operate more efficiently and reduce costs.

2. Purchasing Cards will have a monthly cardholder limit of $3,000.

3. Purchasing Cards will be issued to the Chief Executive Officer, Board Clerk, and Director Level employees.

4. Purchasing Cards may not be used to purchase temporary or contract labor which requires 1099 reporting.

5. In every case of credit card usage, the individual charging an account will be held personally responsible in the event that the charge is deemed personal or unauthorized.

6. Authorized Card Use:
   a. Only Cardholders are authorized to use P-Cards.
   b. P-Card authority cannot be delegated.
   c. Cardholders are responsible for all use of their P-Card.
   d. All purchases must comply with the purchasing, purchase order, travel, and accounts payable procedures.
   e. Authorized purchases include:
      i. The P-Card may be used for small purchases of supplies or services acquired through a purchase order or regular order or an individual order where the contract specifically allows such payment method.
      ii. Cardholders/Designated representatives who travel on Authority business may use the P-Card for authorized travel expenses.

7. Un-authorized P-Card Uses
   a. Cash advances of any type are prohibited.
   b. P-Cards shall not be used for personal purchase or identification.
   c. Personal or non-business expenditures of any kind.
d. Meals, entertainment, gifts or other expenditures which are prohibited by:
   i. Authority budget and/or policies
   ii. Federal, state, or local laws or regulations.
   iii. Grant conditions or policies of the entities from which SVCE receive funds.

8. Cardholder Recordkeeping
   a. Every instance of credit card or other purchase must be documented with travel authorizations, receipts, nature of business, etc., before the expense will be considered authorized and will be approved for reimbursement.
   b. Cardholders are responsible for retaining the documentation necessary for proof of purchase. This includes the invoice, shipping documents, and “Customer Copy” of the charge receipts.

9. Monthly Statement Review
   a. All Cardholders must check each transaction against the purchasing log and supporting documentation. The original documents shall be attached to the monthly statement.
   b. Any transaction with missing documentation requires a written explanation for the missing documentation. Include the vendor name, date, description of purchase, and reason for the missing documentation.
   c. The Administration and Finance Department will review purchasing logs for completeness and process payment upon signature from the Chief Executive Officer. The Chief Executive Officer’s purchasing log shall be reviewed and signed by the Director of Administration and Finance.

10. Returns are the responsibility of the Cardholder. Returns must be noted on the P-Card log and shipping documentation attached to the monthly statement review.

11. Disputes must be noted on the P-Card log.

12. If the Card is lost or stolen, it is important for the Cardholder must to immediately notify the designated individual in the Authority.
INVESTMENTS POLICY

1. Objectives

The primary objectives, in priority order, of the investment activities of SVCE shall be:

a. With respect to all investments:
   i. To be in compliance with all Federal, State and local laws as well as all SVCE policies and procedures.
   ii. All investments of SVCE shall be undertaken in a manner which seeks the preservation of principal.
   iii. To remain sufficiently liquid to enable SVCE to meet all operating requirements which might be reasonably anticipated.
   iv. To maximize yield consistent with risk limitations identified herein and prudent investment principles.

b. With respect to short-term Cash Management objectives:
   i. To accelerate receipt of all funds due to SVCE.
   ii. To accurately monitor and forecast expenditures and revenues, thus enabling SVCE to invest funds to the fullest extent possible.
   iii. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

2. Standard of Care

SVCE will manage funds in accordance with the Prudent Investor Standard pursuant to California Government Code 53600.3.1.

3. Delegation of Authority

Consistent with this Policy or Board direction, the following individuals are authorized to sign investment documents and/or execute cash transfers and make investments of SVCE’s funds:

a. Chief Executive Officer
b. Director of Administration and Finance
4. Ethics and Conflicts of Interest

The authorized employees who are responsible for the investment of SVCE funds shall refrain from personal business activity that could conflict with the proper execution of SVCE’s investment program, or which could impair the ability to make impartial investment decisions.

Pursuant to SVCE’s Conflict of Interest Code, employees shall disclose any financial interests and investment holdings that could affect the performance of SVCE’s portfolio or the individual’s judgement or decisions regarding SVCE’s portfolio.

5. Authorized Investments

The following types of investments are permitted;

**Deposits at Bank(s);** Funds may be invested in non-interest bearing depository accounts to meet SVCE’s operating and collateral needs and grant requirements. Funds not needed for these purposes will be invested in interest bearing depository accounts or certificates of deposit with maturities not to exceed twelve months.

Banks eligible to receive deposits will be federally or state chartered and will conform to Government Code 53635.2.

**Local Agency Investment Fund (LAIF);** Funds may be invested in the Local Agency Investment Fund. The LAIF was established by the California State Treasurer for the benefit of local agencies.

6. Hedging Program

Staff may examine and recommend to the Board an investment strategy that will hedge against revenue loss due to high PCIA or increased prices of natural gas commodity.
7. Reporting Requirements

The Director of Administration and Finance shall be responsible for preparing a monthly investment report, as required by California Government Code 53607. The investment report shall include:

a. Type of Investment
b. Institution of Purchase
c. Date of purchase and maturity
d. Interest rate
e. Target benchmark

8. Annual Review

The Investment Policy will be reviewed annually. Any changes to the Investment Policy will be submitted to the Board of Directors for approval.
RESERVES POLICY

Purpose:

Adequate Reserves will enable the Authority to satisfy working capital requirements, procure energy at competitive rates, adhere to loan covenants, cover unanticipated expenditures, and support rate stability.

1. The Authority will retain its operating surplus in calendar years 2017 and 2018 for the purpose of:
   a. Fund a Working Capital Reserve equivalent to 90 days of operating expenses, excluding power supply expenses; and
   b. Retire all debt and lines of credit; and
   c. Fund a Rate Stabilization/Contingency Reserve to mitigate rate increases due to volatility in the power markets, Power Charge Indifference Adjustments (PCIA), and economic downturns.

2. Authority to spend from reserves must align with Board approved Budgets.

3. Staff will review the Reserve Policy annually to ensure it meets the needs of the agency.
Staff Report – Item 8

To: Silicon Valley Clean Energy Authority Board of Directors
From: Tom Habashi, CEO

Item 8: Approve Amendment to FY 2016-2017 Annual Operating Budget

Date: 3/8/2017

RECOMMENDATION

Approve amendment to the FY 2016-17 Annual Operating Budget.

BACKGROUND

The FY 2016-17 Budget was adopted in November 2016 with the understanding that significant information was unknown. As SVCE approaches the commissioning of Phase 1, a mid-year review of the budget is needed including staff recommended amendments to the budget. Three reasons for significant changes to the budget include:

1. The adopted budget is on a cash basis where revenues and expenses are recognized when received or paid. The proposed budget follows the accrual basis where revenues are recognized when available and measurable and expenses are recognized when incurred.
2. Provided Board approval, the combining of Phase 2 and 3 in July results in significant changes to revenues and expenses.
3. The proposed budget includes power supply contracts that were completed in December 2016, updated market information, and the update to Pacific Gas & Electric rates in January which impacts revenues.

ANALYSIS & DISCUSSION

The proposed FY 2016-17 Mid-Year Budget projects SVCE in stable financial condition. The increase in fund balance projected balance for reserves is $29,930.1 million or $22.13 million higher than the adopted budget.

Revenues
The proposed mid-year budget of $103.6 million is an increase of $65.9 million compared to the adopted budget. The reasons for the positive variance include:
• The accrual basis for the budget includes six months of revenues beginning in April.
• The impact of PG&E’s rate changes in January.
• The potential combining of Phase 2 into Phase 3 resulted in approximately 100,000 residential customers online three months sooner and during the hottest months of the year. The projected incremental revenue is $9.4 million.

Expenses
The proposed mid-year budget of $73,629.9 million is $43.74 million higher than the adopted budget. The reasons for the negative variance includes:
• The budget includes six months of expenses with power supply costs as the primary driver.
The potential combining of Phase 2 into Phase 3 results in $7.4 million of incremental power supply costs and $500,000 in data management and customer billing costs.

Professional Services are proposed to be increased by $1.1 million due to the addition of risk management services, continued power supply support, and regulatory support. Accounting and legal services were partially offset by the delay in filling the Finance Manager and General Counsel positions.

Expenses related to the notification process are proposed to decrease by $500,000 due to better than expected postage costs.

Energy program costs are proposed to be $400,000 but well below the ceiling of 1% of revenues.

**Capital**
With the exception of the facility furniture and equipment, there are no capital projects or equipment programmed into the budget as commissioning of operations is priority.

**Debt Service**
Financing and interest expense is $100,000 higher than the adopted budget due to projected draws on the line of credit and actual financing costs. Repayment of principal will be evaluated at the end of the fiscal year.

**ATTACHMENTS**
1. Exhibit A – FY 2016-17 Proposed Mid-Year Budget
2. Exhibit B – FY 2016-17 Adopted Budget
3. Exhibit C – FY 2016-17 Revenue Budget
## RSILICON VALLEY CLEAN ENERGY AUTHORITY
### FY 2016-17 MID-YEAR BUDGET REVIEW
#### EXHIBIT A - PROPOSED BUDGET

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<td>TOTAL REVENUES</td>
<td><strong>$37,700,000</strong></td>
<td><strong>$103,566,000</strong></td>
<td><strong>$65,866,000</strong></td>
<td><strong>174.7%</strong></td>
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<td>EXPENSES</td>
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</tr>
<tr>
<td>5</td>
<td>Power Supply</td>
<td>24,754,000</td>
<td>66,671,000</td>
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<td>-169.3%</td>
</tr>
<tr>
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<td>Data Management</td>
<td>700,000</td>
<td>1,030,000</td>
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<tr>
<td>7</td>
<td>PG&amp;E Fees</td>
<td>-</td>
<td>430,000</td>
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<tr>
<td>8</td>
<td>Employment Expenses</td>
<td>1,994,400</td>
<td>1,902,000</td>
<td>92,400</td>
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<tr>
<td>9</td>
<td>Professional Services</td>
<td>589,000</td>
<td>1,730,000</td>
<td>(1,141,000)</td>
<td>-193.7%</td>
</tr>
<tr>
<td>10</td>
<td>Marketing &amp; Promotions</td>
<td>200,000</td>
<td>235,000</td>
<td>(35,000)</td>
<td>-17.5%</td>
</tr>
<tr>
<td>11</td>
<td>Notifications</td>
<td>940,000</td>
<td>410,000</td>
<td>530,000</td>
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<tr>
<td>12</td>
<td>Lease</td>
<td>140,000</td>
<td>245,000</td>
<td>(105,000)</td>
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<tr>
<td>13</td>
<td>General &amp; Administrative</td>
<td>27,000</td>
<td>125,000</td>
<td>(98,000)</td>
<td>-363.0%</td>
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<tr>
<td>14</td>
<td>TOTAL EXPENSES</td>
<td><strong>$29,344,400</strong></td>
<td><strong>$72,778,000</strong></td>
<td><strong>-$43,433,600</strong></td>
<td><strong>-148.0%</strong></td>
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<tr>
<td>15</td>
<td>TOTAL EXPENSES W/O POWER SUPPLY</td>
<td><strong>$4,590,400</strong></td>
<td><strong>$6,107,000</strong></td>
<td><strong>-$1,516,600</strong></td>
<td><strong>-33.0%</strong></td>
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<tr>
<td></td>
<td>ENERGY PROGRAMS</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>16</td>
<td>Electric Vehicle Promo</td>
<td>-</td>
<td>200,000</td>
<td>(200,000)</td>
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</tr>
<tr>
<td>17</td>
<td>Storage Pilot</td>
<td>-</td>
<td>200,000</td>
<td>(200,000)</td>
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<tr>
<td>18</td>
<td>TOTAL ENERGY PROGRAMS</td>
<td><strong>$0</strong></td>
<td><strong>$400,000</strong></td>
<td><strong>-$400,000</strong></td>
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<td>CAPITAL INVESTMENT</td>
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<td></td>
</tr>
<tr>
<td>19</td>
<td>Facility Equipment</td>
<td>180,000</td>
<td>250,000</td>
<td>(70,000)</td>
<td>0%</td>
</tr>
<tr>
<td>20</td>
<td>TOTAL CAPITAL INVESTMENT</td>
<td><strong>$180,000</strong></td>
<td><strong>$250,000</strong></td>
<td><strong>-$70,000</strong></td>
<td><strong>-38.9%</strong></td>
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<tr>
<td></td>
<td>DEBT SERVICE</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>22</td>
<td>Financing</td>
<td>50,000</td>
<td>77,000</td>
<td>(27,000)</td>
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<tr>
<td>23</td>
<td>Interest</td>
<td>60,000</td>
<td>84,000</td>
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<tr>
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<td>Principal</td>
<td>225,000</td>
<td>-</td>
<td>225,000</td>
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<td>25</td>
<td>TOTAL DEBT SERVICE</td>
<td><strong>$335,000</strong></td>
<td><strong>$161,000</strong></td>
<td><strong>$174,000</strong></td>
<td><strong>51.9%</strong></td>
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<tr>
<td></td>
<td>CASH INFLOWS/(OUTFLOWS)</td>
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<tr>
<td>26</td>
<td>CPUC Deposit</td>
<td>(100,000)</td>
<td>(100,000)</td>
<td>-</td>
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<tr>
<td>27</td>
<td>TOTAL CASH INFLOWS/(OUTFLOWS)</td>
<td><strong>$100,000</strong></td>
<td><strong>$100,000</strong></td>
<td>-</td>
<td>0.0%</td>
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<tr>
<td></td>
<td>FUND BALANCE</td>
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<tr>
<td>28</td>
<td>Net Increase / (Decrease)</td>
<td>7,740,600</td>
<td>29,877,000</td>
<td>22,136,400</td>
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<tr>
<td>29</td>
<td>Beginning Balance Oct 1</td>
<td>(991,000)</td>
<td>(991,000)</td>
<td>-</td>
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<td>30</td>
<td>ENDING BALANCE AT SEPT 30</td>
<td><strong>$6,749,600</strong></td>
<td><strong>$28,886,000</strong></td>
<td><strong>$22,136,400</strong></td>
<td><strong>328.0%</strong></td>
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### REVENUE

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<th>Line</th>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>1</td>
<td>Power Supply Revenue</td>
<td>37,700,000</td>
</tr>
<tr>
<td>2</td>
<td>Initial Funding</td>
<td>1,506,000</td>
</tr>
<tr>
<td>3</td>
<td><strong>Total Revenue</strong></td>
<td><strong>$39,206,000</strong></td>
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### EXPENDITURES

<table>
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<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>4</td>
<td>Power Supply Cost</td>
<td>$24,754,000</td>
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<tr>
<td>5</td>
<td>SVCE and Members Wages</td>
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<tr>
<td>6</td>
<td>SVCE Salaries</td>
<td>1,662,000</td>
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<td>7</td>
<td>SVCE Benefit</td>
<td>332,400</td>
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<td>8</td>
<td>Members Transitional Staff</td>
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<td>9</td>
<td><strong>SVCE Wages and Members Wages Subtotal</strong></td>
<td><strong>$2,033,400</strong></td>
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<td>Consultant Support</td>
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<tr>
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<td>Data Management</td>
<td>700,000</td>
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<tr>
<td>12</td>
<td>Technical Consulting</td>
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<tr>
<td>13</td>
<td>Community Outreach</td>
<td>160,000</td>
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<td>14</td>
<td>Admin. And Legal</td>
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<tr>
<td>15</td>
<td><strong>Consultant Support Subtotal</strong></td>
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<td>Program Roll-out</td>
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<tr>
<td>17</td>
<td>Bond</td>
<td>100,000</td>
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<tr>
<td>18</td>
<td>Notifications</td>
<td>940,000</td>
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<tr>
<td>19</td>
<td>Marketing and Promotion</td>
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<td><strong>Program Roll-out Subtotal</strong></td>
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<td>Office Lease and Capital Expense</td>
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<tr>
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<td>Furniture and Electronics</td>
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<td><strong>Off. Lease and Capital Expense Subtotal</strong></td>
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<td>Initial funding repayment</td>
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<td>FY 2016-17 ADOPTED BUDGET</td>
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