Silicon Valley Clean Energy Authority
Board of Directors Meeting
Wednesday, September 13, 2017
7:00 pm
Cupertino Community Hall
10350 Torre Avenue
Cupertino, CA

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 August 9, 2017, Board of Directors Meeting
1b) Approve Revisions to SVCE Information Technology Policies
1c) Authorize CEO to Draft Invitation Letter to the City of Milpitas
1d) Authorize CEO to Approve Confirmation Agreements with Calpine Energy Services, L.P. to Acquire Resource Adequacy Capacity
1e) July 2017 Treasurer Report
1f) Approve Budget Transfer Policy

Regular Calendar

2) Executive Committee Report (Discussion)
3) CEO Report (Discussion)
4) Approve FY 2017-18 Operating Budget (Action)
5) Approve Formation of Customer Programs Advisory Group (Action)

Board Member Announcements and Direction on Future Agenda Items

Adjourn
Call to Order

Chair Rennie called the meeting to order at 7:01 p.m.

Roll Call

Present:
Chair Rob Rennie, Town of Los Gatos
Vice Chair Daniel Harney, City of Gilroy
Alternative Director Steve Schmidt, Town of Los Altos Hills
Director Steve Tate, City of Morgan Hill
Director Jim Griffith, City of Sunnyvale
Director Margaret Abe-Koga, City of Mountain View (by teleconference from Napili Point Unit #C, C Building, 5925 Honoapiilani Rd., Lahaina, HI 96761)
Director Howard Miller, City of Saratoga
Director Rod Sinks, City of Cupertino
Director Liz Gibbons, City of Campbell
Director Dave Cortese, County of Santa Clara
Director Jeannie Bruins, City of Los Altos
Director Burton Craig, City of Monte Sereno

Absent:
None.

Public Comment on Matters Not Listed on the Agenda

Bruce Karney suggested inviting the City of Milpitas to join SVCE. He stated that the voting shares total is 99.9% and suggested that the .1% should go to the City of Los Gatos.

Chair Rennie stated that Director Miller, CEO Tom Habashi, and Director of Marketing & Public Affairs Alan Suleimain met with the City of Milpitas City Council inviting them to join SVCE.

Consent Calendar

General Counsel Greg Stepanicich requested to pull Item 1l. Director Sinks requested to comment on Item 1d. Director Griffith requested to pull Item 1f.

Chair Rennie opened public comment.
No speakers.
Chair Rennie closed public comment.
Regarding agenda Item 1d, Director Sinks commented that he had spoken with CEO Habashi regarding the agreements to acquire resource adequacy capacity. CEO Habashi responded to Board questions.

MOTION: Director Bruins moved and Director Gibbons seconded the motion to approve the Consent Calendar with the exception of Items 1f and 1l.

The motion carried unanimously.

1a) Approve Minutes of the June 14, 2017, Board of Directors Meeting
1b) Approve Minutes of the July 10, 2017, Board of Directors Special Meeting
1c) Approve Revision to Executive Committee Composition to Reduce the Number of Committee Members to Five
1d) Authorize CEO to Approve Confirmation Agreements with CalPeak Power, LLC and Wellhead Power Exchange, LLC to Acquire Resource Adequacy Capacity for 2018, and with Marin Clean Energy for Sale of Resource Adequacy Capacity for 2017
1e) Authorize CEO to Approve Master Agreement with TransAlta Energy Marketing (U.S.) Inc., to Acquire Type 2 Energy for CY 2018
1g) Adopt Resolution Amending Conflict of Interest Code to Include Power Contracts & Compliance Specialist Position
1h) Authorize CEO to Approve Agreement with Strategic Energy Innovations for Climate Corps Bay Area Fellow Hosting Services to Facilitate Hiring of Two Fellows to Support Marketing Activities
1i) May and June 2017 Treasurer Report
1j) Adopt Resolution to Authorize the Addition of the Director of Administration and Finance to Conduct Transactions with River City Bank
1k) Confirm the Process for Collection and Remittance of Utility Users Tax

1f) Approve 2017 Update to Annual Energy Use and Voting Shares as Required by SVCE Joint Powers Agreement

CEO Habashi and General Counsel Stepanicich provided information and responded to Board questions.

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

MOTION: Director Griffith moved and Director Bruins seconded the motion to approve the 2017 Update to Annual Energy Use and Voting Shares as Required by SVCE Joint Powers Agreement and that legal counsel verify the voting shares as suggested by a member of the public.

The motion carried unanimously.

1l) Approve Finance Policies Regarding Chart of Accounts and Document Control

General Counsel Stepanicich stated that the records retention period for bank reconciliations, form I-9s (after termination), and receiving sheets should be changed to 2 years in attachment 1.2 of the staff report.

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

MOTION: Director Bruins moved and Director Gibbons seconded the motion to approve the Finance Policies Regarding Chart of Accounts and Document Control.
The motion carried unanimously.

**Regular Calendar**

Chair Rennie announced that Director Abe-Koga will leave the teleconference at 10:00 p.m. Director Bruins suggested hearing agenda Items 4, 6, and 7 prior to one of the Directors leaving at 8:00 p.m. Director Sinks suggested to hear enough of Item 3 first to hear the update on opt-outs.

The agenda items were taken out of order:

3) **CEO Report**

CEO Habashi presented the CEO report which included an update on SVCE new hires and opt outs. CEO Habashi responded to Board questions regarding the opt outs. CEO Habashi explained that the rest of the CEO report will be continued later in the agenda.

4) **FY 2017-18 Operating Budget**

Director of Administration and Finance Don Eckert presented the staff report and responded to Board questions. CEO Habashi provided additional information.

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

6) **Approve Policy Direction to Provide for Disposition of Net Revenue (Action)**

CEO Habashi presented the staff report and responded to Board questions. Director of Marketing & Public Affairs Suleiman provided additional information.

Director Cortese left the meeting at 8:01 p.m.

Chair Rennie opened public comment.

Bruce Karney submitted a chart showing projected net revenue distributed amongst the jurisdictions in SVCE. Karney suggested not approving any of the options in the staff report and suggested another option of offering incentives to new customers to join SVCE. Karney responded to Board questions.

Chair Rennie closed public comment.

**MOTION:** Director Griffith moved and Director Gibbons seconded the motion to approve the staff recommendation of 1) SVCE rates will be adjusted annually to remain at 1% below PG&E’s rates, 2) customer programs, aimed at reducing GHG, will be funded at 2% of gross revenues, and 3) funding of reserves would be as outlined in Option 1 of the staff report except no cash rebates until it’s decided to revisit in next year’s budget cycle.

The motion passed unanimously with Director Cortese absent.

3) **CEO Report**

Regulatory/Legislative Analyst Hilary Staver provided a regulatory and legislative update, including the Power Charge Indifference Adjustment (PCIA).

Community Outreach Manager Pamela Leonard stated that SVCE will be participating with 64 partners in a social media campaign, “Do Your Thing for the Sun”, to reduce energy consumption during 9-11am on August 21 due to the eclipse, and responded to Board questions.
Chair Rennie opened public comment.
No speakers.
Chair Rennie closed public comment.

7) Approve Process to Adjust SVCE Rates for CY 2018 (Action)

Manager of Account Services Don Bray presented the item and responded to Board questions.

Chair Rennie opened public comment.

Bruce Karney stated that the month of January would be the worst month to have a rate change and provided comments on option 2 of the staff report.

Chair Rennie closed public comment.

MOTION: Director Griffith moved and Director Gibbons seconded the motion to approve process to adjust SVCE rates for CY 2018 as outlined in option 2 and added two items: (1) direct staff to look at possibly rescheduling the November Board meeting to review the best estimates of PG&E’s projected rates and PCA for 2018, and (2) if the rates become effective in February and a premium rate was found to have been charged in January, then that premium in January would be averaged over the rates of the remaining 11 months, with the option of staff returning to the Board should something unusual occur.

Director Craig amended the motion to include rate history on the website.

Director Griffith and Director Gibbons included the amendment.

The motion passed unanimously with Director Cortese absent.

8) Overview of Demand Side Programs to Reduce Green House Gas Emissions

Director of Marketing and Public Affairs Suleiman and Manager of Account Services Bray presented the staff report and responded to Board questions.

Director Abe-Koga left the teleconference at 10:08 p.m.

Chair Rennie opened public comment.

Bruce Karney stated that he had sent a letter to SVCE from Carbon Free Mountain View, Carbon Free Silicon Valley, and Carbon Free Palo Alto and summarized that the candidate programs should be analyzed further.

Barbara Fukumoto, 23-year resident of Sunnyvale, suggested taking time to develop these programs and allowing public input.

Jeff Hamel, Head of Energy Partnerships, Nest Labs, said that he worked with 150 utilities across the United States and Canada and 75% have opted in.

Chair Rennie closed public comment.

5) Request for Offers for Renewable Resources with Energy Storage

Power Contracts and Compliance Manager Dennis Dyc-O’Neal presented the staff report. CEO Habashi responded to Board questions.
Chair Rennie opened public comment.
No speakers.
Chair Rennie closed public comment.

2) Executive Committee Report

Vice Chair Harney stated that the Executive Committee met on July 25 and discussed the FY 2017-18 operating budget, the proposed process for a 2018 SVCE rate adjustment, and an overview of demand side programs to reduce green house gas emission which were on the agenda tonight. Chair Rennie provided a summary of two ad hoc committees on hiring an interim CEO and hiring the CEO.

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

Chair Rennie announced the item for the Closed Session.

Public Comment on Closed Session

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

Chair Rennie stated that CEO Habashi will probably leave after this item and thanked him for all his hard work. CEO Habashi expressed his appreciation to the Board.

The Board adjourned to Closed Session in the kitchen at 11:30 p.m.

Convene to Closed Session, Conference Room C (Cupertino City Hall)

Public Employee Appointment
Title: Chief Executive Officer
The Board returned to Cupertino Community Hall from Closed Session at 11:53 p.m. with Directors Abe-Koga and Cortese absent.

Report from Closed Session

General Counsel Stepanicich stated the Board met in Closed Session and the Board gave direction to negotiate terms with the candidate for the interim CEO position.

Board Member Announcements and Direction on Future Agenda Items

This item was not heard.

Adjourn

Chair Rennie adjourned the meeting at 11:54 p.m.

Attachment

1. Document Submitted to SVCE Board by Bruce Karney
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<td>$ 2,158,825</td>
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<td>$ 1,964,380</td>
<td>$ 1,432,915</td>
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**SVCE Programs Budget**

Proposed surplus returned per kWh $ 0.0077 $ 0.0109 $ 0.0095 $ 0.0069 $ 0.0057 $ 0.0040

Proposed surplus returned per year for an average residential customer $ 43 $ 60 $ 52 $ 38 $ 32 $ 22

Assumptions:

- kWh sales grow 0.5% per year
- Avg. residential customer uses 462 kWh/month
Staff Report – Item 1b

To: Silicon Valley Clean Energy Board of Directors

From: Don Eckert, Interim CEO

Item 1b: Approve Revisions to SVCE Information Technology Policies

Date: 9/13/2017

RECOMMENDATION
Approve revisions to SVCE Information Technology (IT) Policies.

BACKGROUND
At the June 14, 2017 SVCE Board of Directors meeting, IT Policies 1-15 were approved by the Board. After review by the recently hired IT Analyst, revisions have been suggested to strengthen the IT Policies and bring them up to par with industry standards. One new policy was created (ITP 4 - Internet Usage) and one policy (formerly ITP 4 - Technology Equipment Disposal Policy) was merged into another (ITP 3 - IT Asset Management Policy). Two attachments were added to ITP 12 – Department Satisfaction Policy to replace the previous attachment. All other major content changes can be reviewed in the attachments to the staff report.

ATTACHMENTS
1. ITP1 – Information Systems Use Policy
2. ITP2 – E-mail Policy
3. ITP3 – IT Asset Management Policy
4. ITP4 – Internet Usage
5. ITP7 – Password Protection Policy
6. ITP8 – Malware Defense Policy
7. ITP10 – Disaster Recovery Policy
8. ITP12 – Department Satisfaction Policy
9. ITP13 – Data Breach Policy
10. ITP15 – Clean Desk Policy
INFORMATION SYSTEMS USE POLICY

I. PURPOSE
The purpose of this policy is to outline the acceptable use of information systems and resources at SVCE. Inappropriate use exposes SVCE to risks including malware, compromise of network systems and services, and legal issues. Therefore, this policy has been put into place to protect users and SVCE.

II. SCOPE
All users of SVCE’s computers or network infrastructure.

III. DEFINITIONS
“Data” is any and all information stored or transmitted over SVCE Resources.

“Information Systems” refers to all Resources that store, transmit or present information related to SVCE business.

“Resources” refers to all SVCE-owned hardware and software including, but not limited to:
- Computers, laptops, tablets, desk phones
- Network storage, network infrastructure, servers
- All software applications licensed by SVCE
- Accounts such as email accounts or other accounts used to access SVCE applications
- Data plans, subscription services

“Sensitive Information” includes all Data, in its original and duplicate form, which contains personal information, protected health information, customer record information, cardholder Data, confidential personal Data, or information that is deemed to be confidential or is otherwise exempt from disclosure under state law.

“User” is anyone using SVCE computing Resources. This includes, but is not limited to: employees, contractors, limited-term employees, and interns.

IV. POLICY
A. Acceptable Use
Use of SVCE’s Information Systems is limited to SVCE business.
You may access, use or share SVCE proprietary information only to the extent it is authorized and necessary to fulfill your assigned job duties.

Employees are responsible for exercising good judgment regarding the reasonableness of personal use. Individual departments are responsible for creating guidelines concerning personal use of Internet/Intranet/Extranet systems. In the absence of such policies, employees should be guided by departmental policies on personal use, and if there is any uncertainty, employees should consult their supervisor or manager.

B. Strictly Prohibited Use
Use of SVCE Information Systems to send messages of a threatening, harassing, or obscene nature, or any behavior found to be inconsistent with the SVCE Employee Handbook, is prohibited. Inappropriate use may include, but is not limited to: the display or transmission of sexually explicit images, messages or cartoons, any transmission that contains ethnic slurs, racial epithets, or anything that constitutes harassment or disparagement of others based on their race, national origin, color, sex, sexual orientation, age, disability, religious or political beliefs.

Violations of the rights of any person or company protected by copyright, trade secret, patent or other intellectual property, or similar laws or regulations, including, but not limited to, the installation or distribution of "pirated" or other software products that are not appropriately licensed for use by SVCE.

Unauthorized copying of copyrighted material including, but not limited to, digitization and distribution of photographs from magazines, books or other copyrighted sources, copyrighted music, and the installation of any copyrighted software for which SVCE or the end user does not have an active license.

Effecting security breaches or disruptions of network communication. Security breaches include, but are not limited to, accessing data of which the employee is not an intended recipient or logging into a server or account that the employee is not expressly authorized to access, unless these duties are within the scope of regular duties. For purposes of this section, "disruption" includes, but is not limited to, network sniffing, pinged floods, packet spoofing, denial of service, and forged routing information for malicious purposes.
C. Security and Personal Information
All software applications and subscription services are to be secured with a password sufficient to protect SVCE information. Users who are granted access to any part of SVCE's Information Systems are provisioned with an account.

Users are to use their assigned account and no other.

Users are prohibited from using another User's account to access any part of an Information System.

Users are prohibited from sharing their passwords or passphrases. Authorized staff may reset passwords as required for business purposes. Users who are provisioned with SVCE Resources are not allowed to change permissions, modify hardware, or modify code and configuration on any SVCE Resource, unless directed to do so by authorized personnel.

All Users are responsible for safeguarding Sensitive Information. Users may access, use or share Sensitive Information held by SVCE only to the extent it is authorized and necessary to fulfill their assigned job duties. Users must immediately notify IT Support if Sensitive Information is inappropriately shared or exposed.

Users must immediately report to IT Support any suspicious e-mail or other computer activity.

D. No Expectation of Privacy
SVCE owns all Data stored on Agency Resources and reserves the right to access anything the User has viewed or created using those Resources.

Users shall have no expectation of privacy. Authorized SVCE staff may view any and all activities and Data created, stored or transmitted using SVCE Resources. They may access any electronic Data or files at any time without consent from or notification to the User.

SVCE may monitor, record and review any Data or websites a User may have accessed through an SVCE internet connection.

SVCE strongly discourages the storage of personal files and messages (pictures, personal email, texts, instant messages, music, spreadsheets,
etc.) on SVCE-provided computers. All such Data may be accessed and reviewed at the Agency’s discretion and may be deleted without notice.

V. POLICY COMPLIANCE

A. Compliance
The IT Department will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

B. Non-Compliance
Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.
E-MAIL POLICY

I. PURPOSE
The purpose of this policy is to ensure the proper use of SVCE’s e-mail system and make users aware of what the Agency deems as acceptable and unacceptable use of its e-mail system. This policy outlines the minimum requirements for use of e-mail within the SVCE Network.

II. SCOPE
This policy covers appropriate use of any email sent from a SVCE e-mail address and applies to all employees, vendors, and agents operating on behalf of SVCE.

III. DEFINITIONS
“Chain E-mail or Letter” refers to e-mail sent to successive people. Typically, the body of the note has direction to send out multiple copies of the note and promises good luck or money if the direction is followed.

“E-mail” refers to the electronic transmission of information through a mail protocol such as SMTP or IMAP. SVCE’s typical e-mail client is Microsoft Outlook.

“Forwarded E-mail” refers to an e-mail message resent from an internal network to an external address.

“Sensitive Information” includes all data, in its original and duplicate form, which contains personal information, protected health information, customer record information, cardholder data, confidential personal data, or information that is deemed to be confidential or is otherwise exempt from disclosure under state law.

“Unauthorized Disclosure” refers to the intentional or unintentional revealing of Sensitive Information to people, whether inside or outside of SVCE, who do not need to know that information.

IV. POLICY
A. Business Purpose

This E-mail policy governs the use of SVCE’s E-mail system at any location and using any device, SVCE-provided or other.
All use of email must be consistent with SVCE policies and procedures of ethical conduct, safety, and comply with applicable laws and proper business practices.

SVCE email accounts should be used primarily for SVCE business-related purposes; personal communication is permitted on a limited basis, but non-SVCE related commercial uses are prohibited.

The SVCE email system shall not be used for the creation or distribution of any disruptive or offensive messages, including pornography and offensive comments about race, gender, hair color, disabilities, age, sexual orientation, religious beliefs and practice, political beliefs, or national origin. Employees who receive any emails with this content from any SVCE employee should report the matter to their supervisor immediately.

Employees are prohibited from using SVCE resources to operate a business, conduct an external job search, solicit money for personal gain, campaign for political causes or candidates, or promote or solicit funds for a religious or other personal cause.

E-mail signatures, if used, shall only include business-related information such as name, title, SVCE contact information, SVCE logo, links to SVCE websites and/or social media accounts, and SVCE-related messages.

B. Personal E-mail Accounts
In incidental use of SVCE resources (computers and networks) for accessing personal E-mail accounts is acceptable but only via web browser (e.g., www.gmail.com, www.yahoo.com, etc.)

Employees may not configure auto-forwarding of SVCE e-mail to external e-mail accounts.

Employees may not use personal e-mail accounts or text messages to conduct official SVCE business.

Users are prohibited from using third-party email systems and storage servers such as Google, Yahoo, and MSN Hotmail etc. to conduct SVCE business, to create or memorialize any binding transactions, or to store or retain e-mail on behalf of SVCE. Such communications and transactions
ITP2

Category: INFORMATION TECHNOLOGY

should be conducted through proper channels using SVCE-approved documentation.

C. Accessing SVCE E-mail on Personal Devices
Any employee who connects to or stores SVCE work e-mail on their personal device is responsible for safeguarding access to their SVCE mailbox. Any such device used by the employee must be owned by the employee.

Access to an SVCE e-mail account must be under user control always. The employee is responsible for all e-mails sent out from their account whether or not they intended the e-mail to be sent. The employee is required to maintain a passcode to lock the device for as long as SVCE work e-mail is accessible from the device.

In the event the device is lost or stolen, the employee is required to change (or arrange to have changed) their network/e-mail password and any others that may be compromised as soon as possible and no more than 24 hours after the discovery of the theft or loss.
SVCE, its employees, directors and management staff are not liable for loss of personal information, files, etc. stored on employee’s personal device as a result of access to SVCE’s e-mail system.

D. Passwords
E-mail passwords are the property of SVCE. Only specific SVCE-approved personnel are authorized to access another employee’s e-mail. Misuse of passwords, sharing of passwords with others, and/or the unauthorized use of another employee’s password will result in disciplinary action, up to and including termination.

E. Confidential Information
Unless authorized to do so by the Chief Executive Officer, employees are prohibited from using e-mail to transmit confidential information to outside parties. Employees may not access, send, receive, solicit, print, copy, or reply to confidential or proprietary information about SVCE, its employees, clients, suppliers, and other business associates. Confidential information includes, but is not limited to: client lists, Social Security numbers and other personally identifiable information, employee performance reviews, trade secrets, passwords, and information that could create a liability for SVCE if the information were disclosed to the public.

F. No Expectation of Privacy
All communications and information that pass through the SVCE computer systems, including e-mail, belong to the Agency. The federal Electronic Communications Privacy Act of 1986 gives management the right to access and disclose all employee e-mail messages transmitted or received via the Agency’s Information Systems. When it comes to e-mail, employees should have no expectation of privacy. SVCE reserves the right to access and monitor e-mail at any time for any reason without notice, and may disclose e-mail to regulators, courts, law enforcement agencies, and other third parties without the employee's knowledge or consent.

G. Offensive Content and Harassing or Discriminatory Activities Are Prohibited
Messages containing defamatory, obscene, menacing, threatening, offensive, harassing, or otherwise objectionable and/or inappropriate statements—and/or messages that disclose personal information without authorization—are prohibited. If you receive this type of prohibited, unsolicited message, do not forward it. Notify your supervisor and/or the Director of Administration and Finance about the message.

H. Business Record Retention
E-mail messages are written business records and are subject to laws and policies for retaining and destruction of business records.

V. RESPONSIBILITIES
It is the responsibility of all e-mail users to understand and comply with this policy. These guidelines are intended to provide SVCE employees with general examples of acceptable and unacceptable uses of SVCE’s e-mail system.

VI. POLICY COMPLIANCE
The IT team will verify compliance to this policy through various methods, including but not limited to, business tool reports and internal/external audits.

Non-Compliance
An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.
IT ASSET MANAGEMENT

Purpose: This policy is designed to protect the organizational resources on the network by establishing a policy and procedure for asset control. These policies will help prevent the loss of data or organizational assets and will reduce risk of losing data due to poor planning.

Describe the actions taken for proper acquisition, installation, handling, tracking, and disposal of Information Technology (IT) assets to meet defined requirements for:

- Ensuring adherence to SVCE and industry standards;
- Ensuring consistency throughout the Agency; and
- Conforming to or complying with customer, legal, and regulatory requirements.

Scope: This procedure applies to all of SVCE’s IT assets.

Definitions: “Information Technology (IT) Asset” refers to any computer hardware, software, Information Technology-based SVCE information, related documentation, licenses, contracts or other agreements, etc. In this context, “asset” and “Information Technology (IT) Asset” are understood to be the same.

Assets Tracked: This section defines what IT assets should be tracked and to what extent they should be tracked. Categorized below are the types of assets subject to tracking.

1. Desktop workstations
2. Laptop mobile computers
3. Printers, Copiers, Fax machines, multifunction machines
4. Handheld devices
5. Scanners
6. Servers
7. Firewalls
8. Routers
9. Switches
10. Desk Phones
11. Misc. Hardware
Category: INFORMATION TECHNOLOGY

Procedure:

1.0 IT ASSET PLANNING

Certain activities/events may trigger acquisition and/or disposition of IT Assets, such as:

- Scheduled asset acquisitions, conducted in accordance with the Information Technology Plan; or
- Receiving an IT Asset Requisition/Disposal Form due to an unplanned event.

IT Support shall review each IT Asset Requisition/Disposal Form which shall be submitted to the Director of Administration and Finance for budget approval.

2.0 IT ASSET ACQUISITION

SVCE personnel shall use the IT Asset Requisition/Disposal Form to request new or replacement IT Assets. This form shall be approved by the appropriate department manager before being submitted to IT Support.

- The same form shall be used for assets being relocated within SVCE or disposed of due to obsolescence.

If a purchase or lease agreement exists for the kind of asset being requested, that asset shall be ordered from the existing vendor, pursuant to the terms of the agreement.

- If such an agreement does not exist, IT Support may recommend entering into one.

3.0 IT ASSET INSPECTION, ACCEPTANCE, & DISTRIBUTION

Physical assets shall be received by the Administrative Assistant and forwarded to IT Support.

- IT Support may receive non-physical assets, such as application software, directly from the vendor.

IT Support shall inspect and test assets for performance and capability prior to acceptance, if possible.

- Administration and Finance shall contact the vendor for replacement of the nonconforming asset and dispose of the nonconforming asset in accordance with any purchase/lease agreement in place.
Category: INFORMATION TECHNOLOGY

1.0 All assets must have an ID number. Either an internal tracking number will be assigned when the asset is acquired or the use of Manufacturer ID numbers must be specified in this policy.

2.0 An asset tracking database shall be created to track assets. It will include all information on the Asset Transfer Checklist table and the date of the asset change.

3.0 When an asset is acquired, an ID will be assigned for the asset and its information shall be entered in the asset tracking database.

4.0 IT Support shall forward the packing slip or invoice to the Administrative Analyst for payment.

Only IT Support shall distribute and install IT Assets.

- In the case of assets designed for use by individuals, installation shall be scheduled primarily for the user’s convenience.

- In the case of assets used by multiple individuals (network hardware/software, operating systems, common application software, etc.):
  
  a) Installations shall be scheduled at a date and time that will affect the least number of users;
  
  b) Ample advance notice shall be given to all affected users;
  
  c) IT Support shall mitigate risk by ensuring backup and/or redundancy of the affected systems/applications, in accordance with the IT Security Plan Policy.

- Upon installing hardware, IT Support shall give each item a unique Asset ID.

IT Support shall update the IT Asset Inventory Database and IT Network Map after installing assets.

4.0 IT ASSET DISPOSAL

When technology assets have reached the end of their useful life, they should be given to IT Support for proper disposal.

This policy applies to any computer/technology equipment or peripheral devices that are no longer needed within SVCE including, but not limited to the following: personal computers, servers, hard drives, laptops.
peripherals (keyboard, mice, and speakers), printers, portable storage devices (i.e. USB drives), backup tapes and printed materials. SVCE’s Asset Disposal solution allows SVCE to dispose of old IT and electronic equipment in a secure, compliant, cost effective and ecologically responsible manner.

Personnel shall request disposal of IT Assets by completing the bottom half of the IT Asset Requisition/Disposal Form and forwarding the form to IT Support.

All IT Assets shall be disposed of in accordance with the Technology Equipment Disposal Policy.

Asset disposal is a special case since some assets might have sensitive data on it. SVCE’s disposal policy will mandate that all assets that contain data will have the disks wiped using disk destruction software like: PCDiskEraser, KillDisk or HDDErase. The data must be erased using an approved technology to make sure it is not readable using special high technology techniques. The following asset types will be checked for HDD’s and wiped.

- Memory stick
- CD ROM disk
- Storage tape
- Hard drive

Technology equipment with non-functioning memory or storage technology will have the memory or storage device removed and it will be physically destroyed.

IT Support will place a sticker on the equipment case indicating the disk wipe has been performed. The sticker will include the date and initials of the technician who performed the disk wipe.

No computer equipment should be disposed of via dumps, landfill, etc. IT Support will properly remove all data prior to final disposal. Final disposal will be processed through a certified ewaste recycle vendor.

Upon disposal of said assets, IT Support shall update the IT Asset Inventory Database and IT Network Map.
5.0 IT ASSET VERIFICATION

IT Support shall conduct a periodic assessment of IT Assets to verify their status (i.e., in use/not in use).

If an asset is not being used or is not being used as specified (for example, the IT Asset Inventory Database and IT Network Map are not in agreement), IT Support shall take corrective action, which may include:

- Taking the asset out of service;
- Initiating an incident report.

6.0 ATTACHMENTS

1. IT Asset Requisition/Disposal Form
I. PURPOSE
Provide SVCE staff with rules and guidelines about the appropriate use of network and Internet access. Having such a policy in place helps to protect both the business and the employee; the employee will be aware that browsing certain sites or downloading files is prohibited and that the policy must be adhered to or there could be serious repercussions, thus leading to fewer security risks for the business as a result of employee negligence.

II. SCOPE
All users of SVCE’s network/internet infrastructure.

III. POLICY
A. Acceptable Use
This Internet Usage Policy applies to all employees of SVCE who have access to computers and the Internet to be used in the performance of their work. Use of the Internet by employees of SVCE is permitted and encouraged where such use supports the goals and objectives of the business. However, access to the Internet through SVCE is a privilege and all employees must adhere to the policies concerning Computer, Email and Internet usage. Violation of these policies could result in disciplinary and/or legal action leading up to and including termination of employment. Employees may also be held personally liable for damages caused by any violations of this policy.

Company employees are expected to use the Internet responsibly and productively. Internet access is limited to job-related activities only and personal use is not permitted.

Job-related activities include research and educational tasks that may be found via the Internet that would help in an employee’s role.

All Internet data that is composed, transmitted and/or received by SVCE computer systems is considered to belong to SVCE and is recognized as part of its official data. It is therefore subject to disclosure for legal reasons or to other appropriate third parties.

The equipment, services and technology used to access the Internet are the property of SVCE and the company reserves the right to monitor.
Internet traffic and monitor and access data that is composed, sent or received through its online connections

All sites and downloads may be monitored and/or blocked by SVCE if they are deemed to be harmful and/or not productive to business

B. Strictly Prohibited Use
Sending or posting discriminatory, harassing, or threatening messages or images on the Internet

Using computers to perpetrate any form of fraud, and/or software, film or music piracy

Stealing, using, or disclosing someone else's password without authorization

Downloading, copying or pirating software and electronic files that are copyrighted or without authorization

Sharing confidential material, trade secrets, or proprietary information outside of the organization

Hacking into unauthorized websites

Sending or posting information that is defamatory to the company, its products/services, colleagues and/or customers

Introducing malicious software onto the company network and/or jeopardizing the security of the organization's electronic communications systems

Passing off personal views as representing those of the organization
IV. POLICY COMPLIANCE
   A. Compliance
   The IT Department will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

   B. Non-Compliance
   Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.
PASSWORD PROTECTION POLICY

I. PURPOSE
The purpose of this policy is to establish a standard for creation of strong passwords, the protection of those passwords, and the frequency of change.

II. SCOPE
The scope of this policy includes all personnel who have or are responsible for an account (or any form of access that supports or requires a password) on any system that resides at any SVCE facility, has access to the SVCE network, or stores any non-public SVCE information.

III. POLICY
A. Password Creation
All user-level and system-level passwords must conform to the Password Construction Guidelines in Attachment 1.

Where possible, users must not use the same password for various SVCE access needs.

Users must not use the same password for SVCE accounts as for other non-SVCE access (for example, personal ISP account, benefits, and so on).

B. Password Change
All system-level passwords (for example application administration accounts, and so on) must be changed on at least a quarterly basis.

All user-level passwords (for example, email, desktop computer, and so on) must be changed at least every six months. The recommended change interval is every four months.

Password cracking or guessing may be performed on a periodic or random basis by the IT Support Team. If a password is guessed or cracked during one of these scans, the user will be required to change it.

C. Password Protection
Passwords must not be shared with anyone. All passwords are to be treated as sensitive, confidential SVCE information.

Passwords must not be inserted into email messages, or other forms of electronic communications.
Category: INFORMATION TECHNOLOGY

Passwords must not be revealed over the phone to anyone.

Do not share SVCE passwords with anyone, including co-workers and family members.

Do not reveal a password on questionnaires or security forms.

Do not write passwords down and store them anywhere in your office. Do not store passwords in a file on a computer system or mobile device (phone, tablet) without encryption.

Do not use the “Remember Password” feature of applications (for example, web browsers).

Any user suspecting that their password may have been compromised must report the incident and change all passwords.

IV. Policy Compliance
A. Compliance Measurement
The IT Department will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

B. Exceptions
Any exception to the policy must be approved by the IT Team in advance.

C. Non-Compliance
An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

IV.V. ATTACHMENTS
1. Password Construction Guidelines
MALWARE DEFENSE POLICY

I. PURPOSE
The purpose of this policy is to prevent data loss, corruption, or misuse of SVCE computing resources or information that may occur when malware is introduced to SVCE’s IT network.

II. SCOPE
This policy applies to all SVCE personnel and to all computer hardware and software comprising SVCE’s IT network.

III. DEFINITIONS
Malware - Short for “malicious software”, malware is designed to damage, disrupt, or abuse an individual computer or an entire network and/or steal or corrupt an organization’s most valuable and sensitive data. Viruses, worms, and Trojan horses are examples of malware.

Spam or junk email – Unsolicited commercial email sent in bulk over the Internet. Spam puts a cost and a burden on recipients by clogging up network bandwidth, consuming disk space, and wasting employees' time. Spam is frequently a malware vector.

Subscription service – A service whereby a software vendor offers support for its product, usually for a predetermined time period. Anti-virus vendors typically include a one-year subscription (for updates, notices, etc.) with the purchase of a product license. Many vendors offer fee-based subscription services whereby subscribers automatically receive notifications, security bulletins, etc., for a set period of time.

Target – The ultimate destination for Malware; that which the malware is designed to attack. Boot sectors, hard disk drives, email servers, and departmental (HR, accounting, etc.) servers are examples of malware targets.

Vector – How malware is carried to a computer, server, or system.

IV. POLICY
A. Malware Defense Planning
   How does Malware typically work and what threats exist? Malware is commonly passed to a potential Target through email. The person who
receives the email opens an attachment, which unleashes the Malware, which then spreads to other computers via a shared network (Malware may attack by other means but this is a common method). To lessen the potential for damage to SVCE’s Information Technology (IT) assets by Malware, the Agency should develop and implement a multifaceted approach to Malware prevention.

To prepare SVCE’s Malware Defense Plan, IT Support shall review the following items:

- Threat Assessment Report;
- Asset Inventory Database;
- IT industry standards and best practices;
- Anti-Malware vendor websites or portals; and
- IT security alerts and bulletins (many of which are available for free and as a subscription service).

IT Support shall use the preceding items (and possibly others) to develop a Malware Defense Plan. This Plan shall be submitted to the Chief Executive Officer for review and approval.

The Administration and Finance Department shall communicate the Plan to all employees and arrange employee training.

B. Malware Defense Plan

IT Support shall install firewalls on all personal computer (PC) workstations and on all servers.

IT Support shall ensure that operating systems, web browsers, email programs, and related software are configured for optimum security.

IT Support shall install an anti-virus program on every PC and server and all anti-virus software shall be automatically updated through the use of a subscription service (updates should be automatically logged by the software).

- Additional anti-malware programs should be installed on all PC’s and servers to protect against nuisances such as spyware and adware, which are potential Malware Vectors.

As vendors learn of vulnerabilities (bugs) in their software and repair them, they notify registered users, post bulletins on their web sites, and notify news media that these patches are available for download. Many vendors
offer subscription services, through which SVCE may be notified of security threats and related issues and obtain software patches. SVCE will subscribe to one or more notification services, in order to maintain its awareness of threats and to ensure all software is updated in a timely fashion.

IT Support shall evaluate all software patches (for operating systems, browsers, email programs, applications, etc.) for relevance and criticality. If the patch is determined to be relevant (for example, an operating system security patch has more relevance - and is certainly more critical - than a foreign-language update of an application), IT Support shall install the patch in a test environment and verify its effectiveness and compatibility with existing software before installing it in the production environment. Such updates shall be logged by IT Support, if the software being patched does not automatically log activity.

All anti-malware protections shall be configured to prevent being disabled by users. Only IT Support shall be allowed to temporarily disable anti-malware measures (for example, disabling a local anti-virus program to install and configure an application locally).

SVCE shall minimize malware risks by backing up critical information.

All users shall be trained on the Malware Defense Plan at the outset. Users shall be retrained (updated) on the Plan at least once a year. The Administration and Finance Director shall be responsible for Malware Defense Plan training.

C. Malware Defense Plan Review

IT Support shall periodically (once a week is recommended) review all anti-virus, firewall, and other relevant logs to determine if the software is up-to-date and is performing as expected. IT Support shall report its findings to the Director of Administration and Finance for possible action.

IT Support shall periodically (annually, at a minimum) meet with the Administration and Finance Director to review the Malware Defense Plan, to determine its continuing applicability and conformity to SVCE requirements.

A periodic (at least annual) audit of the Malware Defense Plan shall be conducted by an accredited auditor to determine if the Plan is in use, if it is
functioning as expected, and if it conforms to standards and requirements. IT Support shall review the results of such audits, review those results with the Administration and Finance Director, and recommend changes to the Plan.

D. Malware Defense Plan Update
IT Support shall incorporate updates into the Malware Defense Plan and ensure communication of plan changes to all employees.

Within a month of changes being made to the Malware Defense Plan, IT Support shall conduct a review with the Administration and Finance Director to verify that changes were implemented and the desired results are being achieved.

V. CONTAINMENT
Once a malware threat has been carefully analyzed it needs to be effectively contained so that the infection will not continue to spread. IT will develop a strategy to halt malware propagation. Once the strategy has been outlined the procedures to contain the malware threat should be followed quickly and efficiently. Procedures to contain the threat may include:

a. Disable physical network access;
b. Host, service, and application hardening - Vulnerable systems should be protected by applying service, application, and operating system patches as necessary;
c. Power off infected systems;
d. Disable network services: To shutdown network services it will likely be necessary to modify host, server, or network firewalls, and network routing devices.

VI. ERADICATION
After analysis and containment of a malware outbreak the threat needs to be removed from all infected hosts:

a. Scan with installed anti-malware software (make sure current definitions are installed);
b. Scan with installed antivirus software (make sure current definitions are installed);
c. Restore from backup media - use system restore, wipe drive, full format;
d. Reload operating system: wipe system and load operating system.

VII. RECOVERY
After the malware threat has been effectively eradicated from infected hosts, the process of restoring the confidentiality, integrity, and availability of system software and data begins:
   a. Reinstall from installation media;
   b. Restore from backup media;
   c. Validate system state - The host should have security software reinstalled and the application software should be tested to ensure that it functions properly. It may be necessary to restore network connectivity prior to testing application software;
   d. Restore network connectivity.

VIII. REPORT
Following successful restoration of host, network, and applications services, security administrators and management should evaluate the effectiveness of security policies and controls, and determine if any changes need to be made. It may be necessary to update the malware response plan, the acceptable use policy, corporate security plans and response measures, etc.
DISASTER RECOVERY POLICY

Purpose: This policy defines the baseline Disaster Recovery Plan that will be used by SVCE. The Disaster Recovery Plan will describe the process to recover IT systems, applications and data from any type of disaster that causes a major outage.

Scope: This policy applies to all SVCE personnel and Information Technology (IT) systems, networks, and assets.

Definitions:

- **Business Continuity** – The degree to which an organization may achieve uninterrupted stability of systems and operational procedures.

- **Information Technology Disaster** – A sudden, significant event that may result in the loss or destruction of Agency information and/or loss of service on SVCE’s IT network.

Procedure:

1.0 **IT DISASTER RECOVERY PLANNING**

1.1 SVCE assumes that a major disaster – environmental disaster, loss of utilities, large-scale equipment failure, a cyber attack, and so on – will befall it eventually. To ensure the continuity of business, should a disaster occur, SVCE developed the Information Technology Disaster Recovery Plan (DRP).

SVCE shall implement the Plan, educate employees in their roles and responsibilities, test the Plan to see if it will ensure rapid and full recovery, and fix flaws identified in testing, to better ensure the Plan will work when it is most needed.

1.2 The Director of Administration and Finance shall obtain and analyze information for development of the DRP, such as:

- Conducting an IT threat risk assessment;
- Determining SVCE’s current state of readiness for disaster by running a recovery capability test to establish a baseline;
- Gathering IT industry information on best practices and technologies and identifying appropriate means of mitigating risk;
- Identifying and assessing external resources and their capabilities;
Identifying mission-critical systems and services, determining how long each SVCE business unit can survive without those systems/services in operation (conduct a business impact analysis); and

- Establish recovery priorities.

**2.0 IT DISASTER RECOVERY PLAN**

2.1 IT Support shall ensure periodic backups of Agency information stores (databases, etc.).

2.2 IT Support shall periodically conduct a test of all backed-up data for integrity and recovery speed; frequency and extent of such testing shall be determined by mission criticality of the information.

2.3 In the event any employee knows of or suspects an Information Technology Disaster, the employee shall contact IT Support and the Director of Administration and Finance shall begin the response and recovery process in accordance with the Plan.

**3.0 IT DISASTER RECOVERY PLAN REVIEW**

3.1 Subsequent to an actual disaster and recovery, the Director of Administration and Finance shall prepare a response and recovery report and submit it to the SVCE Board of Directors. The Board may recommend revisions to the Plan, based on the findings contained in the report.

3.2 The Director of Administration and Finance shall test Information Technology Disaster response and recovery at least once every 12 months.

3.3 The SVCE Board of Directors shall review the DRP every two years to determine if it continues to meet Agency, customer, and legal/regulatory requirements.

3.4 Periodically, the DRP shall be subjected to a third-party audit to verify that the Plan is clear, sound, and continues to meet Agency, customer, and legal/regulatory requirements.

**4.0 IT DISASTER RECOVERY PLAN REVISION**

4.1 After any review of the DRP, the Director of Administration and Finance shall be responsible for updating the Plan.
4.2 Within one month of any such update, the Director of Administration and Finance shall verify that the update is capable of providing the desired results by conducting a response and recovery test.
# IT SATISFACTION POLICY

**PURPOSE:** The goal of the IT Satisfaction Policy is to:

- Improve Information Technology (IT) service;
- Enhance user satisfaction with Information Technology (IT) products and services;
- Increase the user’s performance and productivity by supplying products and services that add value to SVCE;
- Measure the performance and effectiveness of internal and outsourced IT resources;
- Provide managers with the information and insight they need to increase IT performance and customer satisfaction.

**SCOPE:** This procedure applies to all IT Support, employees, contractors, or outsourcers.

**DEFINITIONS:**

**Information Technology Asset** – Any computer hardware, software, Information Technology-based SVCE information, as well as related documentation, licenses, contracts or other agreements, etc. In the context of this document, “asset” is synonymous with "Information Technology asset."

**Internal User** – An employee or contractor using SVCE Information Technology assets in the course of performing a job (task) for the Agency. In the context of this document, “user” is synonymous with “internal user.”

**PROCEDURE:**

| 1.0 | **IT DEPARTMENT SATISFACTION - INCIDENT (TRANSACTION) FOLLOW-UP SURVEYS** |

Incident or transaction follow-up surveys assess how customers feel about how well the IT Department team is handling incidents. These surveys provide information for immediate performance improvement actions by Information Technology management and staff, and for monitoring performance and satisfaction trends.

IT department will send an Incident Survey (attachment #1) to requester after each incident ticket submitted.
IT Department will review each submitted survey and look for improvement possibilities.

IT Department will log each survey and present score results to management.

2.0 IT DEPARTMENT SATISFACTION - COMPREHENSIVE IT DEPARTMENT CUSTOMER SATISFACTION SURVEYS

Bi-Annually comprehensive IT Department surveys capture user/customer feedback about their service experience over the past six months with the IT Department. By reviewing the Bi-Annually IT Department survey feedback, the IT management team will be able to improve the user/customer experience.

When a survey is returned, it is to be routed to IT support for analysis and inclusion in a summary report.

IT Support is responsible for taking any corrective action or addressing user concerns. IT Support shall contact the user and resolve the situation as quickly as possible and to the satisfaction of the user.

3.0 IT DEPARTMENT SATISFACTION - USER SATISFACTION REVIEW

The Director of Administration and Finance shall periodically (every six months, at a minimum) review User Satisfaction Survey Summary Reports to determine if IT Support is making progress with regard to user satisfaction levels.

- If user satisfaction levels are not improving or are declining, SVCE management shall meet with IT Support to recommend and schedule corrective actions.

4.0 ATTACHMENTS:

1. IT Department Incident Satisfaction Survey
2. Bi-Annual IT Department Satisfaction Survey
# IT DEPARTMENT INCIDENT SATISFACTION SURVEY

<table>
<thead>
<tr>
<th>How Satisfied are you with:</th>
<th>Very Satisfied</th>
<th>Satisfied</th>
<th>Neutral</th>
<th>Dissatisfied</th>
<th>Very Dissatisfied</th>
<th>N/A</th>
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<td>Overall quality of IT Department Staff?</td>
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<td>Knowledge and professionalism of the IT Department Staff?</td>
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<td>Communication and follow-up on problem resolution?</td>
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<td>The ability of help desk to diagnose your problem?</td>
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<td>The ability of the help desk to solve your problem?</td>
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<td>Time require resolving your problem?</td>
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Comprehensive IT/Admin Customer Satisfaction Survey

Thank you for agreeing to take part in this important survey measuring the effectiveness of SVCE's current IT/Admin Department. Your feedback is important to the continual improvement of SVCE’s IT/Admin Department. This survey should only take 4-6 minutes to complete. Be assured that all answers you provide will be kept in the strictest confidentiality.

1. On the basis of your previous interaction with the IT/Admin Department over the last 6 months, how would you rate their performance?
   - Excellent
   - Good
   - Average
   - Unsatisfactory
   - Poor

2. Please give your suggestions on how the IT/Admin Department can further improve our support service.

3. What things do you think the IT/Admin Department does well?

4. What could the IT/Admin Department do better?
5. In your opinion, what specific areas should the IT/Admin department focus on during the next year? (Please be specific.)

6. Do you feel that the IT/Admin support staff is courteous, congenial; responds in a timely manner; easily establishes rapport with users; is efficient, professional, and enthusiastic?
   - Yes
   - No
   - Not Sure

7. Do you feel that the IT/Admin support staff maintains focus; is persistent; shows strong commitment; is organized; has a ‘can-do’ attitude; takes initiative; shows pride in work; achieves goals; takes responsibility; is dependable?
   - Yes
   - No
   - Not Sure

8. Do you feel that the IT/Admin support staff demonstrates technical knowledge; has effective oral and written skills; is a good listener; is perceptive; maintains objectivity; is thorough, analytical, and decisive; shows insight?
   - Yes
   - No
   - Not Sure
DATA BREACH RESPONSE POLICY

I. PURPOSE
The purpose of the policy is to establish the response to a data breach. This policy will clearly define Data Breach, to whom it applies and under what circumstances, staff roles and responsibilities, standards and metrics (e.g., to enable prioritization of the incidents), as well as reporting, remediation, and feedback mechanisms. The policy shall be well publicized and made easily available to all personnel whose duties involve data privacy and security protection.

SVCE Information Security's intentions for publishing a Data Breach Response Policy are to focus significant attention on data security and data security breaches and how SVCE’s established culture of openness, trust and integrity should respond to such activity. SVCE Information Security is committed to protecting SVCE’s employees, partners and the company from illegal or damaging actions by individuals, either knowingly or unknowingly.

II. SCOPE
This policy applies to all whom collect, access, maintain, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle personally identifiable information or Protected Health Information (PHI) of SVCE customers, employees, and protected information of suppliers.

III. DEFINITIONS
“Encryption or encrypted data” – The most effective way to achieve data security. To read an encrypted file, you must have access to a secret key or password that enables you to decrypt it. Unencrypted data is called plain text.

“Plain text” – Unencrypted data.

“Hacker” – A slang term for a computer enthusiast, i.e., a person who enjoys learning programming languages and computer systems and can often be considered an expert on the subject(s).

“Protected Health Information (PHI)” - Under US law is any information about health status, provision of health care, or payment for health care that is
created or collected by a "Covered Entity" (or a Business Associate of a Covered Entity), and can be linked to a specific individual.

“Personally Identifiable Information (PII)” - Any data that could potentially identify a specific individual. Any information that can be used to distinguish one person from another and can be used for de-anonymizing anonymous data.

“Protected data” - See PII and PHI.

“Information Resource” - The data and information assets of an organization, department or unit.

“Safeguards” - Countermeasures, controls put in place to avoid, detect, counteract, or minimize security risks to physical property, information, computer systems, or other assets. Safeguards help to reduce the risk of damage or loss by stopping, deterring, or slowing down an attack against an asset.

“Sensitive data” - Data that is encrypted or in plain text and contains PII or PHI data (see PII and PHI above).

IV. POLICY
A. General
   As soon as a theft, data breach or exposure containing SVCE’s Protected data or SVCE’s Sensitive data is identified, the process of removing all access to that resource will begin.

   The Chief Executive Officer will chair an incident response team to handle the breach or exposure.

   The team will include members from:
   • Administration and Finance
   • IT Contractors
   • Marketing and Public Affairs
The affected unit or department that uses the involved system or output or whose data may have been breached or exposed
- Additional departments based on the data type involved
- Additional individuals as deemed necessary by the CEO

The CEO will be notified of the theft, breach or exposure. IT Support, along with the designated team, will analyze the breach or exposure to determine the root cause.

B. Work with Forensic Investigators
As provided by SVCE’s cyber insurance, the insurer will need to provide access to forensic investigators and experts that will determine how the breach or exposure occurred, the types of data involved, the number of internal/external individuals and/or organizations impacted, and analyze the breach or exposure to determine the root cause.

C. Develop a Communication Plan
The incident response team will decide how to communicate the breach to: a) internal employees, b) the public, and c) those directly affected.

V. Enforcement
Any SVCE personnel found in violation of this policy may be subject to disciplinary action, up to and including termination of employment. Any third-party partner company found in violation may have their network connection terminated.
Category: INFORMATION TECHNOLOGY

CLEAN DESK POLICY

I. PURPOSE
The purpose of this policy is to establish the minimum requirements for maintaining a “clean desk” – where sensitive information about employees, SVCE intellectual property, customers and vendors is secure in locked areas and out of sight. A Clean Desk policy is not only ISO 27001/17799 compliant, but it is also part of standard basic privacy control.

II. SCOPE
This policy applies to all SVCE employees and affiliates.

III. POLICY
Employees are required to ensure all sensitive/confidential information in hardcopy or electronic format is secure in their work area at the end of the day and when they are expected to be gone for an extended period of time.

Computer workstations must be locked when workspace is unoccupied.

Computer workstations must be shut completely down at the end of the work day.

Any restricted or sensitive information must be removed from the desk and locked in a drawer when the desk is unoccupied and at the end of the work day.

File cabinets containing restricted or sensitive information must be kept closed and locked when not in use or when not attended.

Keys used for access to restricted or sensitive information must not be left at an unattended desk.

Laptops must be either locked with a locking cable or locked away in a drawer.

Passwords may not be left on sticky notes posted on or under a computer, nor may they be left written down in an accessible location.

Printouts containing restricted or sensitive information should be immediately removed from the printer.
Upon disposal, restricted or sensitive documents should be shredded in the official shredder bin.

Whiteboards containing restricted and/or sensitive information should be erased.

Portable computing devices such as laptops and tablets should be locked away.

Mass storage devices such as DVD or USB drives should be treated as sensitive information and be secured in a locked drawer.

All printers should be cleared of papers as soon as they are printed; this helps ensure sensitive documents are not left in printer trays for the wrong person to pick up.

IV. Policy Compliance

A. Compliance Measurement
The IT Department will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

B. Exceptions
Any exception to the policy must be approved by the IT Department team in advance.

C. Non-Compliance
An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.
Staff Report – Item 1c

To: Silicon Valley Clean Energy Board of Directors
From: Don Eckert, Interim CEO

Item 1c: Authorize CEO to Draft Invitation Letter to the City of Milpitas

Date: 9/13/2017

RECOMMENDATION
Authorize CEO to draft an invitation letter inviting the City of Milpitas to join Silicon Valley Clean Energy.

BACKGROUND & DISCUSSION
During the August 9, 2017 SVCE Board of Directors meeting, it was suggested that the Board of Directors send an invitation to the City of Milpitas City Council members to join Silicon Valley Clean Energy and offer service to their residents.

Earlier this year in May, Director Miller, accompanied by then-CEO Tom Habashi and SVCE’s Director of Marketing and Public Affairs Alan Suleiman, attended the City of Milpitas City Council meeting and spoke to the City Council about community choice energy (CCE) and the benefits of joining SVCE. The Council directed staff, specifically economic development staff, to research CCEs and to come back with more information. The City of Milpitas economic development commission is meeting on Monday, September 11th with a possible agenda item about CCEs (at the time of this report, the agenda has not yet been published). SVCE staff are planning to attend to answer any questions. Additionally, if the City of Milpitas has community choice energy on their agenda for their 9/19 City Council meeting, then SVCE staff will attend to answer any questions.

CONCLUSION
With Board authorization for the CEO to draft an invitation letter to the City of Milpitas to join SVCE, staff would bring a draft invitation letter before the SVCE Board of Directors for approval during the October 11, 2017 Board meeting.
Staff Report – Item 1d

To: Silicon Valley Clean Energy Board of Directors
From: Don Eckert, Interim CEO

Item 1d: Authorize CEO to Approve Confirmation Agreements with Calpine Energy Services, L.P. to Acquire Resource Adequacy Capacity for 2018

Date: 9/13/2017

RECOMMENDATION
Authorize the Chief Executive Officer to execute agreements for the purchase and sale 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 the 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 is obligated to make month-ahead and year-ahead filings to the California Public Utilities Commission (CPUC) demonstrating its compliance with the Resource Adequacy program. In January 2017, SVCE received its initial Resource Adequacy Compliance obligations for 2017 from the CPUC, and SVCE subsequently contracted for the requisite capacity.

In July 2017, SVCE received its initial year-ahead Resource Adequacy Compliance obligations for 2018 from the CPUC. SVCE staff and consultants have negotiated a Resource Adequacy contract with Calpine Energy Services, L.P. to meet a portion of its 2018 obligations. Additional contracts with other sellers will be completed throughout the year as SVCE’s final year-ahead requirements become known and prior to the October 31st deadline for year-ahead compliance.

CONCLUSION
Board authorization for the Chief Executive Officer to execute the attached agreements for the purchase and sale of Resource Adequacy Capacity will facilitate compliance with SVCE’s Resource Adequacy obligations.

ATTACHMENTS
1. Calpine Energy Services, L.P. Confirmation Letters
MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER
BETWEEN
CALPINE ENERGY SERVICES, L.P.
AND
SILICON VALLEY CLEAN ENERGY AUTHORITY

This confirmation letter ("Confirmation") confirms the transaction ("Transaction") between Calpine Energy Services, L.P., a Delaware limited partnership ("Seller") and Silicon Valley Clean Energy Authority, a California Joint Powers Authority ("Buyer"), each individually a "Party" and together the "Parties", dated as of August 7, 2017 (the "Confirmation Effective Date"), in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Confirmation. This Transaction is governed by the Western Systems Power Pool Agreement dated June 20, 2017, as amended from time to time, along with any annexes and amendments thereto (collectively, 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 (as defined herein).

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 as set forth in the Tariff.

1.4 "Availability Standards" shall mean availability standards set forth in Section 40.9 of the Tariff.

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

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

1.7 "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. For purposes of the Master Agreement, "Capacity Replacement Price" shall be deemed to be the "Replacement Price."

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

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

1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.4 hereof.

1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified under the RA Capacity Price Table in Section 4.9.

1.12 "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 (as such amount may be adjusted pursuant to Section 4.4).

1.13 "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 and subsequent decisions related to resource adequacy issued from time to time by the CPUC, including CPUC Decisions 13-06-024, 14-06-050, 15-06-063 and 16-06-045.

1.14 "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.

1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.

1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.

1.17 "Designated RA Capacity" shall be equal to, with respect to 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.

1.18 "Effective Flexible Capacity" means the flexible capacity of a resource that can be counted towards an LSE’s FCR obligation, as identified from time to time by the Tariff, the CPUC Decisions, LRA, or other Governmental Body having jurisdiction.

1.19 "FCR Attributes" means, with respect to a Unit, any and all FCR attributes, consistent with the operational limitations and physical characteristics of such Unit, 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.

1.20 "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.

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

1.22 "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.

1.23 "Flexible RA Product" has the meaning specified in the Section 3.2 hereof.

1.24 "GADS" means the Generating Availability Data System or its successor.

1.25 "Generic RA Product" means Designated RA Capacity consisting of RAR Attributes and, if applicable, LAR Attributes, which does not include FCR Attributes.

1.26 "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.

1.27 "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 in other regulatory proceedings or legislative actions.

1.28 "LAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes (or other locational attributes related to system reliability) consistent with the operational limitations and physical characteristics of such Unit, as they are identified as of the Confirmation Effective Date 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.

1.29 "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, or to an LRA having jurisdiction over the LSE.

1.30 "LRA" has the meaning set forth in the Tariff.

1.31 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).

1.32 "Master Agreement" has the meaning specified in the introductory paragraph hereof.

1.33 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.

1.34 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.

1.35 "NERC" means the North American Electric Reliability Council, or its successor.

1.36 "NERC/GADS Protocols" means the GADS protocols established by NERC, as may be updated from time to time.

1.37 "Net Qualifying Capacity" has the meaning set forth in the Tariff.

1.38 "Non-Availability Charges" has the meaning set forth in the Tariff.

1.39 "Notification Deadline" means the date that is no later than fifteen (15) Business Days before the relevant deadlines for the corresponding RAR Showings, LAR Showings and/or FCR Showings applicable to the Showing Month.

1.40 "Outage" means 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).

1.41 "Planned Outage" means, subject to and as further described in the CPUC Decisions and the Tariff (Planned Outage referred to as "Approved Maintenance Outage" under 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, or for the purposes of new construction work for such Unit.
1.42 "Product" has the meaning specified in Article 3 hereof.

1.43 "RA Availability" means, for each Unit, expressed as a percentage, (a) the Unit's Designated RA Capacity for a Monthly Delivery Period, divided by (b) the Contract Quantity, provided that a Unit's RA Availability shall not exceed 1.00.

1.44 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR, 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 RAR Attributes, LAR Attributes and FCR Attributes of the capacity provided by a Unit, as applicable pursuant to this Confirmation.

1.45 "RA Capacity Flat Price" means the price specified in the RA Capacity Flat Price Table in Section 4.9 hereof.

1.46 "RAR" means the resource adequacy requirements, exclusive of LAR and FCR, established for LSEs by the CPUC pursuant to the CPUC Decisions, or by an LRA or other Governmental Body having jurisdiction.

1.47 "RAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes, consistent with the operational limitations and physical characteristics of such Unit, as they are identified as of the Confirmation Effective Date by the Tariff, the CPUC Decisions, LRA, or any Governmental Body having jurisdiction, that can be counted toward RAR, exclusive of any LAR Attributes or FCR Attributes.

1.48 "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, the CPUC Decisions or LRA having jurisdiction.

1.49 "Replacement Capacity" has the meaning specified in Section 4.7 hereof.

1.50 "Replacement Unit" means a generating unit meeting the requirements specified in Section 4.5.

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

1.52 "Scheduling Coordinator" has the same meaning as in the Tariff.

1.53 "Seller" has the meaning specified in the introductory paragraph hereof.

1.54 "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. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.

1.55 "Supply Plan" means the supply plans, or similar or successor filings, that each Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other Governmental Body, pursuant to Applicable Laws, in order for that RA Capacity to count for its RAR Attributes, LAR Attributes, and/or FCR Attributes.

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

1.57 "Transaction" has the meaning specified in the introductory paragraph hereof.
1.58 "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.

1.59 "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, and (ii) the CAISO-adjusted Net Qualifying Capacity.

1.60 "Unit EFC" means the Effective Flexible Capacity set by the CAISO for the applicable Unit. If the CAISO adjusts the Effective Flexible Capacity of a Unit 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, and (ii) the CAISO-adjusted Effective Flexible Capacity. To the extent the Confirmation Effective Date of this Confirmation occurs prior to the CAISO's setting of a Unit EFC for the applicable Unit, the Unit EFC shall be as agreed to by the Parties and specified in Article 2, and Seller represents that, to the best of its knowledge, this Unit EFC is consistent with the CAISO's methodology for determining Unit EFC as of the Confirmation Effective Date. The above notwithstanding, to the extent the CAISO decides to reduce the applicable Unit EFC, Seller shall not be liable for any costs or damages related to such reduction and the Unit EFC shall be reduced per Section 4.4 of this Confirmation.

2. UNIT INFORMATION

Name: Delta Energy Center Aggregate

Location: Pittsburg, CA

CAISO Resource ID: DELTA_2_PL1X4

Resource Type: L_Phy_Res

Resource Category (1, 2, 3 or 4): 4

Point of interconnection with the CAISO Controlled Grid ("Substation"): Pittsburg 230 kV substation

Path 26 (North, South or None): North

Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment: None

Run Hour Restrictions: None

LAR Attributes (Yes/No): Yes

If yes: Local Capacity Area (as of Confirmation Effective Date): Greater Bay Area

Product Type (Flexible/Generic): Flexible

If Generic: Unit NQC (as of the Confirmation Effective Date): N/A

If Flexible: Unit EFC (as of the Confirmation Effective Date): Varies by Month

Flexible Capacity Category (Base/Peak/Super-peak): Base
3. RESOURCE ADEQUACY CAPACITY PRODUCT

During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Confirmation, the Designated RA Capacity in the amount of the Contract Quantity of (i) RAR Attributes and, if applicable, LAR Attributes, and (ii) FCR Attributes, if Flexible RA Product is specified in Section 3.2, and the Contract Quantity shall be either a Firm RA Product or a Contingent Firm RA Product, as specified in either Section 3.3 or 3.4 (the "Product"). 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 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.

3.1 RAR and LAR Attributes

Seller shall provide Buyer with the Designated RA Capacity of RAR Attributes and, if applicable, LAR Attributes from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

3.2 Flexible RA Product

Seller shall provide Buyer with Designated RA Capacity of FCR Attributes from the Units in the amount of the applicable Contract Quantity.

3.3 Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the Contract Quantity. If the Units are not available to provide the full amount of the Contract Quantity for any reason other than Force Majeure, including without limitation any Outage or any adjustment of the RA Capacity of any Unit, pursuant to Section 4.4, then, Seller shall provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 4.5 hereof. If Seller fails to provide Buyer with replacement Designated RA Capacity from Replacement Units pursuant to Section 4.5, then Seller shall be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof.

3.4 Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the applicable Contract Quantity; provided, however, that if the Units are not available to provide the full amount of the Contract Quantity, then Seller may provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 4.5 hereof. If Seller fails to provide Buyer with the Designated RA Capacity, then Seller shall be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof; provided, however, that Seller shall not be liable for damages 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 Section 4.4(a) of Seller's intent not to provide Alternate Capacity in an amount equal to the Contract Quantity of that Showing Month.

4. DELIVERY AND PAYMENT
4.1 **Delivery Period**

The Delivery Period shall be January 1, 2018 through December 31, 2018, 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:

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<tr>
<th>Month</th>
<th>Contract Quantity (MWs)</th>
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<tr>
<td>2018 January</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 (i) reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month; or (ii) provide Alternate Capacity up to the Contract Quantity for the applicable portion of such Showing Month in accordance with Section 4.5. If Seller has given Buyer notice of the Planned Outage no later than the Notification Deadline and chooses not to provide Product from Replacement Units, the Contract Quantity shall be revised in accordance with any applicable adjustments stipulated by the CPUC Filing Guide or CAISO Tariff in effect for the applicable Showing Month in which the Planned Outage occurs.

(b) **Reductions in Unit NQC:** If Product is both (i) Generic RA Product, and (ii) Contingent Firm RA Product specified under Section 3.4, 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 NQC as determined by the CAISO.
reduction in Contract Quantity for each remaining Showing Month shall equal the product of (a) the applicable Showing Month Contract Quantity and (b) the total amount (in MW) Unit NQC was reduced since Confirmation Effective Date, divided by (c) Unit NQC as of the Confirmation Effective Date. 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 3.4, then Seller's obligation to deliver the applicable Contract Quantity of Product for any Showing Month may also be reduced if the Unit experiences a reduction in Unit EFC as determined by the CAISO. Seller's potential reduction in Contract Quantity for each remaining Showing Month shall equal the product of (a) the applicable Showing Month Contract Quantity and (b) the total amount (in MW) Unit EFC was reduced since Confirmation Effective Date, divided by (c) Unit EFC as of the Confirmation Effective Date. If the Unit experiences such a reduction in Unit EFC, 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.

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 may, at no cost to Buyer, 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; provided that in each case, Seller shall notify Buyer of its intent to provide Alternate Capacity and identify Replacement Units meeting the above requirements no later than the Notification Deadline. If Seller notifies Buyer in writing as to the particular Replacement Units by the Notification Deadline 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 for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof if the total amount of Product provided to Buyer from the Unit and Replacement Units is equal to the Contract Quantity for the applicable Showing Month.

(b) With respect to a Contingent Firm RA Product, if Seller is unable to provide the full Contract Quantity for any Showing Month for any reason and Seller does not provide Alternate Capacity in an amount equal to the Contract Quantity for that Showing Month, then Buyer may, but shall not be required to, purchase Replacement Capacity. If there is an adjustment to Contract Quantity pursuant to Section 4.4 and Seller has given Buyer notice of such adjustment in Contract Quantity no later than the Notification Deadline Seller shall not be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Section 4.7 and 4.8.

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 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 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, that, if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having RAR Attributes and no LAR Attributes (such capacity shall also include FCR Attributes if this is a Flexible Capacity Product) and no such RAR capacity is available, then Buyer may replace such portion of the Designated RA Capacity with capacity having RAR Attributes and LAR Attributes (as well as FCR Attributes if this is a Flexible Capacity Product) ("Replacement Capacity"). Such Replacement Capacity may be provided by CAISO to Buyer pursuant to the Tariff. Buyer may enter into purchase transactions with one or more parties to replace any portion of Designated RA Capacity 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, 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 at the time set forth in Section 21 of the Master Agreement, the following damages in lieu of damages specified in Section 21 of the Master Agreement: 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, plus (B) each Capacity Replacement Price times the amount of the Designated RA Capacity neither provided by Seller nor purchased by Buyer pursuant to Section 4.7(a), and (ii) the Designated RA Capacity not provided for the applicable Showing Month 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 Section 28 of the Master Agreement.

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, resulting from any of the following:

(a) Seller's failure to provide any portion of the Designated RA Capacity;

(b) Seller's failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Section 4.6; or
(c) A Unit Scheduling Coordinator's failure to timely submit Supply Plans that accurately 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 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 Monthly RA Capacity Payment

In accordance with the terms of Section Nine of the Master Agreement, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit, in arrears after the applicable Showing Month. Each Unit's Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000. The final product of this Monthly RA Capacity Payment calculation shall be rounded to the nearest penny (i.e., two decimal places). 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.

### RA CAPACITY FLAT PRICE TABLE

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<thead>
<tr>
<th>Contract Year/Month</th>
<th>RA Capacity Flat Price ($/kW-month)</th>
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<tbody>
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<td>2018 January</td>
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4.10 Allocation of Other Payments and Costs

Seller may retain any revenues it 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) capacity revenue for ancillary services, (c) energy sales, (d) any 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. However, Buyer shall be entitled to receive and retain all revenues associated with the Designated RA Capacity of any Unit during the Delivery Period (including any capacity or availability revenues from RMR Agreements for any Unit, Reliability Compensation Services Tariff, and Residual Unit Commitment capacity payments, but excluding payments described in clauses (a) through (c) above). In accordance with Section 4.9 of this Confirmation and Section 9 of the Master Agreement, all such revenues received by Seller, or a Unit's Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and Seller shall indemnify Buyer for any such revenues that Buyer does not receive, and Seller shall pay such revenues to Buyer if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer. If Seller fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues pursuant to Section 9 of the Master Agreement against any future amounts it may owe to Seller under this Confirmation. 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 re-sale in such market, and retain and receive any and all related revenues.

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 shall either schedule or cause 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 shall perform all, or cause 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.

6. GENERAL REPRESENTATIONS AND WARRANTIES

In addition to the representations and warranties contained in Section 37 of the Master Agreement, each of Buyer and Seller represents and warrants to the other party that, as of the Effective Date:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all contractual, governmental, regulatory and legal authorizations necessary for it to legally perform its obligations under this Confirmation;

(c) the execution, delivery and performance of this Confirmation are within its powers, have been duly authorized by all necessary action;

(d) this Confirmation and each other document executed and delivered in accordance with this Confirmation constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending;

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

(f) with respect to the Master Agreement and this Confirmation, the obligations to make payments hereunder do not constitute or create any kind of lien on, or security interest in, any property or revenues of Buyer.

7. OTHER BUYER AND SELLER COVENANTS

7.1 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. Such commercially reasonable actions shall include, 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, the 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, the 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 to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body having jurisdiction to administer RAR and FCR, so as to maintain the purpose of the benefits of the bargain struck by the Parties on the Confirmation Effective Date.

7.2 Seller represents, warrants and covenants 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 such analogous capacity 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 capacity 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 and, as applicable, RAR, LAR and/or FCR;

(g) If Seller is the owner of any Unit, the respective cumulative sums 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, and 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 the Buyer, at least five (5) Business Days before the relevant deadline for each RAR Showing, LAR Showing, and/or FCR Showing, as applicable, 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.

8. CONFIDENTIALITY

Notwithstanding Section 30.1 of the Master Agreement, 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. Buyer and Seller acknowledge and agree that the Master Agreement and any Confirmations executed in connection therewith are subject to the California Public Records Act (Government Code Section 6250 et seq.).

9. BUYER’S RE-SALE OF PRODUCT

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

10. MARKET BASED RATE AUTHORITY
Seller agrees, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, to, 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 also agrees that it will 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.

11. MASTER AGREEMENT AMENDMENTS

For purposes of this Transaction only, the Master Agreement shall be amended as follows:

(a) Section 22.1 of the Master Agreement is modified by inserting the following new text at the end thereof:

“(f) the failure of the Defaulting Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party’s obligations to deliver or receive the quantities of capacity and/or energy due under this Agreement, the exclusive remedy for which is provided in Section 21.3) if such failure is not remedied within three (3) Business Days after written notice;

(g) the failure of the Defaulting Party to pay its debts generally as they become due or the Defaulting Party’s admission in a writing that is unable to generally pay its debts as they become due;

(h) the institution, by the Defaulting Party, of a general assignment for the benefit of its creditors; or

(i) the application for, consent to, or acquiescence to, by the Defaulting Party, the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets.”

(b) Section 22.2(b) of the Master Agreement is amended by inserting in Section 22.2, “and is continuing” after “Event of Default occurs” in the first line thereof and deleting the second sentence therein.

(c) Section 22.3 of the Master Agreement is amended by:

1) In Section 22.3(b), replacing the second sentence thereof with “The “Present Value Rate” shall be determined by the Non-Defaulting Party in a commercially reasonable manner.”;

2) In Section 22.3(c), deleting the third sentence thereof and replacing it with the following: “If the Non-Defaulting Party’s aggregate Gains exceeds its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment for all such Terminated Transactions shall be zero, notwithstanding any provision in this Section in this Confirmation or Agreement to the contrary.”

3) In Section 22.3 (d), replacing “this Agreement and any Confirmation” in the third line thereof with “any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party”;

4) In Section 22.3(e), delete the entire provision (including subsections) and replace it with the following: “[intentionally omitted].”
5) In Section 22.3(f), delete the entire provision and replace with the following:

"If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, and provided that Defaulting Party has paid the undisputed part of the Termination Payment to the Non-Defaulting Party as provided under Section 22.3(c), and that any amounts disputed by the Defaulting Party are disputed in good faith, then the Defaulting Party may submit the calculation issue to Dispute Resolution pursuant to Section 34."

(d) Section 37 of the Master Agreement is amended by inserting the following in the beginning of the section: "On the date of entering into this Confirmation, ".

(e) Section 24 of the Master Agreement is deleted and replaced with the following:

"This Master Agreement and any Confirmation shall be governed by and construed, enforced and performed in accordance with the laws of the State of California, without regard to principles of conflicts of law.

(f) The netting provisions of Section 28, NETTING, of the Master Agreement shall apply to the transaction covered by this Confirmation as if Buyer and Seller had both executed Exhibit A, NETTING, to the Master Agreement.

(g) Section 30.1 of the Master Agreement is amended by inserting "or requested" after the word "required" in Section 30.1(4) and by adding the following at the end of the first sentence: "; or (8) to the Party's and such Party's affiliates' lenders, counsel, accountants, advisors and agents who have a need to know such information and have agreed to keep such terms confidential." 

(h) Subsections 34.1 and 34.2 of the Master Agreement are hereby deleted and replaced with the following:

"34.1 WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION, CLAIM OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER BASED IN CONTRACT, TORT OR ANY OTHER THEORY) AND HEREBY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

"34.2 EXCLUSIVE JURISDICTION

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS LOCATED IN SAN FRANCISCO, CALIFORNIA, FOR ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY TRANSACTION, AND EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE TO SUCH JURISDICTION OR THE CONVENIENCE OF SUCH FORUM."
The phrase "arbitration or" is hereby deleted from the first line of Section 34.4.

The following shall be inserted as a new Section 34.5:

"34.5 LIMITATION OF DAMAGES. FOR BREACH OF ANY PROVISION OF THIS CONFIRMATION AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, THE EXPRESS REMEDY OR MEASURE OF DAMAGES PROVIDED IS THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT AND THE AGREEMENT FOR THE BREACH, LIABILITY FOR THE BREACH IS LIMITED AS SET FORTH IN THE PROVISION AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT FOR A PARTICULAR BREACH, LIABILITY FOR THE BREACH IS LIMITED TO DIRECT DAMAGES ONLY, THE DIRECT DAMAGES ARE THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT FOR THE BREACH, AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY IS LIABLE FOR ANY OTHER TYPE OF DAMAGE, INCLUDING INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES OF ANY NATURE (INCLUDING DAMAGES ASSOCIATED WITH LOST PROFITS, BUSINESS INTERRUPTION AND LOSS OF GOODWILL) ARISING AT ANY TIME, WHETHER IN TORT (INCLUDING THE SOLE OR CONTRIBUTORY NEGLIGENCE OF EITHER PARTY OR ANY RELATED PERSON), WARRANTY, STRICT LIABILITY, CONTRACT OR STATUTE, UNDER ANY INDEMNITY PROVISION, OR OTHERWISE."

Section 41 "Witness" of the Master Agreement shall become Section 42 and the following "Standard of Review" Section substituted in its place:

"The Parties agree as follows:

For purposes of this Section, the term "Transaction" means a specific sale and purchase, or an option for sale and purchase, of capacity and/or energy to be supplied by one Party to the other Party. From the date of entering into a Transaction under this Master Agreement and throughout the term of such Transaction, the Parties each warrant and covenant as follows:

(i) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Master Agreement (including all Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting sua sponte, shall be the "public interest" standard of review set forth in United 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) (the "Mobile-Sierra" doctrine) and clarified in Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish 554 U.S. __ , 171 L.Ed.2d 607 (2008) and NRG Power Marketing LLC v. Maine Pub. Util. Comm'n, 558 U.S. __ (2010).

(ii) The Parties, for themselves and their successors and assigns, (i) agree that this "public interest" standard shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the Parties in connection with this Master Agreement and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard."
12. NO RECOOURSE TO MEMBERS OF BUYER

Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members. Buyer will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no rights and will not make any claims, take any actions or assert any remedies against any of Buyer’s constituent members, or the officers, directors, advisors, contractors, consultants or employees of Buyer or Buyer’s constituent members, in connection with this Confirmation.

13. 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.

14. ENTIRE AGREEMENT, NO ORAL AGREEMENTS OR MODIFICATIONS

This Confirmation sets forth the terms of the Transaction into which the Parties have entered into and, along with the Agreement, shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the 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

Calpine Energy Services, L.P.

By: __________________________

Name: Andrew Novotny

Title: Vice President

Silicon Valley Clean Energy Authority

By: __________________________

Name: _________________________

Title: _________________________
MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER
BETWEEN
CALPINE ENERGY SERVICES, L.P.
AND
SILICON VALLEY CLEAN ENERGY AUTHORITY

This confirmation letter ("Confirmation") confirms the transaction ("Transaction") between Calpine Energy Services, L.P., a Delaware limited partnership ("Seller") and Silicon Valley Clean Energy Authority, a California Joint Powers Authority ("Buyer"), each individually a "Party" and together the "Parties", dated as of August 7, 2017 (the "Confirmation Effective Date"), in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Confirmation. This Transaction is governed by the Western Systems Power Pool Agreement dated June 20, 2017, as amended from time to time, along with any annexes and amendments thereto (collectively, 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 (as defined herein).

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 as set forth in the Tariff.

1.4 "Availability Standards" shall mean availability standards set forth in Section 40.9 of the Tariff.

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

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

1.7 "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. For purposes of the Master Agreement, "Capacity Replacement Price" shall be deemed to be the "Replacement Price."

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

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

1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.4 hereof.

1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified under the RA Capacity Price Table in Section 4.9.

1.12 "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 (as such amount may be adjusted pursuant to Section 4.4).

1.13 "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 and subsequent decisions related to resource adequacy issued from time to time by the CPUC, including CPUC Decisions 13-06-024, 14-06-050, 15-06-063 and 16-06-045.

1.14 "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.

1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.

1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.

1.17 "Designated RA Capacity" shall be equal to, with respect to 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.

1.18 "Effective Flexible Capacity" means the flexible capacity of a resource that can be counted towards an LSE's FCR obligation, as identified from time to time by the Tariff, the CPUC Decisions, LRA, or other Governmental Body having jurisdiction.

1.19 "FCR Attributes" means, with respect to a Unit, any and all FCR attributes, consistent with the operational limitations and physical characteristics of such Unit, 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.

1.20 "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.

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

1.22 "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.

1.23 "Flexible RA Product" has the meaning specified in the Section 3.2 hereof.

1.24 "GADS" means the Generating Availability Data System or its successor.

1.25 "Generic RA Product" means Designated RA Capacity consisting of RAR Attributes and, if applicable, LAR Attributes, which does not include FCR Attributes.

1.26 "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.

1.27 "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 in other regulatory proceedings or legislative actions.

1.28 "LAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes (or other locational attributes related to system reliability) consistent with the operational limitations and physical characteristics of such Unit, as they are identified as of the Confirmation Effective Date 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.

1.29 "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, or to an LRA having jurisdiction over the LSE.

1.30 "LRA" has the meaning set forth in the Tariff.

1.31 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).

1.32 "Master Agreement" has the meaning specified in the introductory paragraph hereof.

1.33 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.

1.34 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.

1.35 "NERC" means the North American Electric Reliability Council, or its successor.

1.36 "NERC/GADS Protocols" means the GADS protocols established by NERC, as may be updated from time to time.

1.37 "Net Qualifying Capacity" has the meaning set forth in the Tariff.

1.38 "Non-Availability Charges" has the meaning set forth in the Tariff.

1.39 "Notification Deadline" means the date that is no later than fifteen (15) Business Days before the relevant deadlines for the corresponding RAR Showings, LAR Showings and/or FCR Showings applicable to the Showing Month.

1.40 "Outage" means 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).

1.41 "Planned Outage" means, subject to and as further described in the CPUC Decisions and the Tariff (Planned Outage referred to as "Approved Maintenance Outage" under 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, or for the purposes of new construction work for such Unit.
1.42 "Product" has the meaning specified in Article 3 hereof.

1.43 "RA Availability" means, for each Unit, expressed as a percentage, (a) the Unit's Designated RA Capacity for a Monthly Delivery Period, divided by (b) the Contract Quantity, provided that a Unit's RA Availability shall not exceed 1.00.

1.44 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR, 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 RAR Attributes, LAR Attributes and FCR Attributes of the capacity provided by a Unit, as applicable pursuant to this Confirmation.

1.45 "RA Capacity Flat Price" means the price specified in the RA Capacity Flat Price Table in Section 4.9 hereof.

1.46 "RAR" means the resource adequacy requirements, exclusive of LAR and FCR, established for LSEs by the CPUC pursuant to the CPUC Decisions, or by an LRA or other Governmental Body having jurisdiction.

1.47 "RAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes, consistent with the operational limitations and physical characteristics of such Unit, as they are identified as of the Confirmation Effective Date by the Tariff, the CPUC Decisions, LRA, or any Governmental Body having jurisdiction, that can be counted toward RAR, exclusive of any LAR Attributes or FCR Attributes.

1.48 "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, the CPUC Decisions or LRA having jurisdiction.

1.49 "Replacement Capacity" has the meaning specified in Section 4.7 hereof.

1.50 "Replacement Unit" means a generating unit meeting the requirements specified in Section 4.5.

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

1.52 "Scheduling Coordinator" has the same meaning as in the Tariff.

1.53 "Seller" has the meaning specified in the introductory paragraph hereof.

1.54 "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. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.

1.55 "Supply Plan" means the supply plans, or similar or successor filings, that each Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other Governmental Body, pursuant to Applicable Laws, in order for that RA Capacity to count for its RAR Attributes, LAR Attributes, and/or FCR Attributes.

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

1.57 "Transaction" has the meaning specified in the introductory paragraph hereof.
1.58 "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.

1.59 "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, and (ii) the CAISO-adjusted Net Qualifying Capacity.

1.60 "Unit EFC" means the Effective Flexible Capacity set by the CAISO for the applicable Unit. If the CAISO adjusts the Effective Flexible Capacity of a Unit 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, and (ii) the CAISO-adjusted Effective Flexible Capacity. To the extent the Confirmation Effective Date of this Confirmation occurs prior to the CAISO's setting of a Unit EFC for the applicable Unit, the Unit EFC shall be as agreed to by the Parties and specified in Article 2, and Seller represents that, to the best of its knowledge, this Unit EFC is consistent with the CAISO's methodology for determining Unit EFC as of the Confirmation Effective Date. The above notwithstanding, to the extent the CAISO decides to reduce the applicable Unit EFC, Seller shall not be liable for any costs or damages related to such reduction and the Unit EFC shall be reduced per Section 4.4 of this Confirmation.

2. UNIT INFORMATION

Name: Los Medanos Energy Center Aggregate

Location: Pittsburg, CA

CAISO Resource ID: LMEC_1.PL1X3

Resource Type: L_Phys_Res

Resource Category (1, 2, 3 or 4): 4

Point of interconnection with the CAISO Controlled Grid ("Substation"): Pittsburg

Path 26 (North, South or None): North

Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment: None

Run Hour Restrictions: None

LAR Attributes (Yes/No): Yes

If yes: Local Capacity Area (as of Confirmation Effective Date): Bay Area

Product Type (Flexible/Generic): Flexible

If Generic: Unit NQC (as of the Confirmation Effective Date): N/A

If Flexible: Unit EFC (as of the Confirmation Effective Date): Varies by Month

Flexible Capacity Category (Base/Peak/Super-peak): Base
3.

RESOURCE ADEQUACY CAPACITY PRODUCT

During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Confirmation, the Designated RA Capacity in the amount of the Contract Quantity of (i) RAR Attributes and, if applicable, LAR Attributes, and (ii) FCR Attributes, if Flexible RA Product is specified in Section 3.2, and the Contract Quantity shall be either a Firm RA Product or a Contingent Firm RA Product, as specified in either Section 3.3 or 3.4 (the "Product"). 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 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.

3.1 RAR and LAR Attributes

Seller shall provide Buyer with the Designated RA Capacity of RAR Attributes and, if applicable, LAR Attributes from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

3.2 ☑ Flexible RA Product

Seller shall provide Buyer with Designated RA Capacity of FCR Attributes from the Units in the amount of the applicable Contract Quantity.

3.3 ☐ Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the Contract Quantity. If the Units are not available to provide the full amount of the Contract Quantity for any reason other than Force Majeure, including without limitation any Outage or any adjustment of the RA Capacity of any Unit, pursuant to Section 4.4, then, Seller shall provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 4.5 hereof. If Seller fails to provide Buyer with replacement Designated RA Capacity from Replacement Units pursuant to Section 4.5, then Seller shall be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof.

3.4 ☑ Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the applicable Contract Quantity; provided, however, that if the Units are not available to provide the full amount of the Contract Quantity, then Seller may provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 4.5 hereof. If Seller fails to provide Buyer with the Designated RA Capacity, then Seller shall be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof; provided, however, that Seller shall not be liable for damages 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 Section 4.4(a) of Seller’s intent not to provide Alternate Capacity in an amount equal to the Contract Quantity of that Showing Month.

4.

DELIVERY AND PAYMENT
4.1 **Delivery Period**

The Delivery Period shall be January 1, 2018 through December 31, 2018, 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>Contract Quantity (MWs)</th>
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<tbody>
<tr>
<td>2018 January</td>
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<td>2018 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 (i) reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month; or (ii) provide Alternate Capacity up to the Contract Quantity for the applicable portion of such Showing Month in accordance with Section 4.5. If Seller has given Buyer notice of the Planned Outage no later than the Notification Deadline and chooses not to provide Product from Replacement Units, the Contract Quantity shall be revised in accordance with any applicable adjustments stipulated by the CPUC Filing Guide or CAISO Tariff in effect for the applicable Showing Month in which the Planned Outage occurs.

(b) **Reductions in Unit NQC**: If Product is both (i) Generic RA Product, and (ii) Contingent Firm RA Product specified under Section 3.4, 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 NQC as determined by the CAISO. Seller's potential...
reduction in Contract Quantity for each remaining Showing Month shall equal the product of (a) the applicable Showing Month Contract Quantity and (b) the total amount (in MW) Unit NQC was reduced since Confirmation Effective Date, divided by (c) Unit NQC as of the Confirmation Effective Date. 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 3.4, then Seller’s obligation to deliver the applicable Contract Quantity of Product for any Showing Month may also be reduced if the Unit experiences a reduction in Unit EFC as determined by the CAISO. Seller’s potential reduction in Contract Quantity for each remaining Showing Month shall equal the product of (a) the applicable Showing Month Contract Quantity and (b) the total amount (in MW) Unit EFC was reduced since Confirmation Effective Date, divided by (c) Unit EFC as of the Confirmation Effective Date. If the Unit experiences such a reduction in Unit EFC, 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.

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 may, at no cost to Buyer, 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; provided that in each case, Seller shall notify Buyer of its intent to provide Alternative Capacity and identify Replacement Units meeting the above requirements no later than the Notification Deadline. If Seller notifies Buyer in writing as to the particular Replacement Units by the Notification Deadline 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 for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof if the total amount of Product provided to Buyer from the Unit and Replacement Units is equal to the Contract Quantity for the applicable Showing Month.

(b) With respect to a Contingent Firm RA Product, if Seller is unable to provide the full Contract Quantity for any Showing Month for any reason and Seller does not provide Alternate Capacity in an amount equal to the Contract Quantity for that Showing Month, then Buyer may, but shall not be required to, purchase Replacement Capacity. If there is an adjustment to Contract Quantity pursuant to Section 4.4 and Seller has given Buyer notice of such adjustment in Contract Quantity no later than the Notification Deadline Seller shall not be liable for damages and/ or required to indemnify Buyer for penalties or fines pursuant to the terms of Section 4.7 and 4.8.

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 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 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, that, if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having RAR Attributes and no LAR Attributes (such capacity shall also include FCR Attributes if this is a Flexible Capacity Product) and no such RAR capacity is available, then Buyer may replace such portion of the Designated RA Capacity with capacity having RAR Attributes and LAR Attributes (as well as FCR Attributes if this is a Flexible Capacity Product) ("Replacement Capacity"). Such Replacement Capacity may be provided by CAISO to Buyer pursuant to the Tariff. Buyer may enter into purchase transactions with one or more parties to replace any portion of Designated RA Capacity 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, 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 at the time set forth in Section 21 of the Master Agreement, the following damages in lieu of damages specified in Section 21 of the Master Agreement: 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, plus (B) each Capacity Replacement Price times the amount of the Designated RA Capacity neither provided by Seller nor purchased by Buyer pursuant to Section 4.7(a), and (ii) the Designated RA Capacity not provided for the applicable Showing Month 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 Section 28 of the Master Agreement.

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, resulting from any of the following:

(a) Seller's failure to provide any portion of the Designated RA Capacity;

(b) Seller's failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Section 4.6; or
(c) A Unit Scheduling Coordinator’s failure to timely submit Supply Plans that accurately 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 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 Monthly RA Capacity Payment

In accordance with the terms of Section Nine of the Master Agreement, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit, in arrears after the applicable Showing Month. Each Unit’s Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000. The final product of this Monthly RA Capacity Payment calculation shall be rounded to the nearest penny (i.e., two decimal places). 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.

<table>
<thead>
<tr>
<th>RA CAPACITY FLAT PRICE TABLE</th>
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<tbody>
<tr>
<td><strong>Contract Year/Month</strong></td>
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<tr>
<td>2018 January</td>
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<td>2018 December</td>
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4.10 Allocation of Other Payments and Costs

Seller may retain any revenues it 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) capacity revenue for ancillary services, (c) energy sales, (d) any 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. However, Buyer shall be entitled to receive and retain all revenues associated with the Designated RA Capacity of any Unit during the Delivery Period (including any capacity or availability revenues from RMR Agreements for any Unit, Reliability Compensation Services Tariff, and Residual Unit Commitment capacity payments, but excluding payments described in clauses (a) through (c) above). In accordance with Section 4.9 of this Confirmation and Section 9 of the Master Agreement, all such revenues received by Seller, or a Unit's Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and Seller shall indemnify Buyer for any such revenues that Buyer does not receive, and Seller shall pay such revenues to Buyer if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer. If Seller fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues pursuant to Section 9 of the Master Agreement against any future amounts it may owe to Seller under this Confirmation. 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 re-sale in such market, and retain and receive any and all related revenues.

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 shall either schedule or cause 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 shall perform all, or cause 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.

6. GENERAL REPRESENTATIONS AND WARRANTIES

In addition to the representations and warranties contained in Section 37 of the Master Agreement, each of Buyer and Seller represents and warrants to the other party that, as of the Effective Date:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all contractual, governmental, regulatory and legal authorizations necessary for it to legally perform its obligations under this Confirmation;

(c) the execution, delivery and performance of this Confirmation are within its powers, have been duly authorized by all necessary action;

(d) this Confirmation and each other document executed and delivered in accordance with this Confirmation constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending;

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

(f) with respect to the Master Agreement and this Confirmation, the obligations to make payments hereunder do not constitute or create any kind of lien on, or security interest in, any property or revenues of Buyer.

7. OTHER BUYER AND SELLER COVENANTS

7.1 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. Such commercially reasonable actions shall include, 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, the 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, the 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 to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body having jurisdiction to administer RAR and FCR, so as to maintain the purpose of the benefits of the bargain struck by the Parties on the Confirmation Effective Date.

7.2 Seller represents, warrants and covenants 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 such analogous capacity 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 capacity 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 and, as applicable, RAR, LAR and/or FCR;

(g) If Seller is the owner of any Unit, the respective cumulative sums 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, and 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 the Buyer, at least five (5) Business Days before the relevant deadline for each RAR Showing, LAR Showing, and/or FCR Showing, as applicable, 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.

8. CONFIDENTIALITY

Notwithstanding Section 30.1 of the Master Agreement, 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. Buyer and Seller acknowledge and agree that the Master Agreement and any Confirmations executed in connection therewith are subject to the California Public Records Act (Government Code Section 6250 et seq.).

9. BUYER’S RE-SALE OF PRODUCT

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

10. MARKET BASED RATE AUTHORITY
Seller agrees, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, to, 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 also agrees that it will 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.

11. MASTER AGREEMENT AMENDMENTS

For purposes of this Transaction only, the Master Agreement shall be amended as follows:

(a) Section 22.1 of the Master Agreement is modified by inserting the following new text at the end thereof:

"(f) the failure of the Defaulting Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party’s obligations to deliver or receive the quantities of capacity and/or energy due under this Agreement, the exclusive remedy for which is provided in Section 21.3) if such failure is not remedied within three (3) Business Days after written notice;

(g) the failure of the Defaulting Party to pay its debts generally as they become due or the Defaulting Party’s admission in a writing that is unable to generally pay its debts as they become due;

(h) the institution, by the Defaulting Party, of a general assignment for the benefit of its creditors; or

(i) the application for, consent to, or acquiescence to, by the Defaulting Party, the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets."

(b) Section 22.2(b) of the Master Agreement is amended by inserting in Section 22.2, “and is continuing” after “Event of Default occurs” in the first line thereof and deleting the second sentence therein.

(c) Section 22.3 of the Master Agreement is amended by:

1) In Section 22.3(b), replacing the second sentence thereof with “The “Present Value Rate” shall be determined by the Non-Defaulting Party in a commercially reasonable manner.”;

2) In Section 22.3(c), deleting the third sentence thereof and replacing it with the following: “If the Non-Defaulting Party’s aggregate Gains exceeds its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment for all such Terminated Transactions shall be zero, notwithstanding any provision in this Section in this Confirmation or Agreement to the contrary.”

3) In Section 22.3 (d), replacing “this Agreement and any Confirmation” in the third line thereof with “any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party”;

4) In Section 22.3(e), delete the entire provision (including subsections) and replace it with the following: “[intentionally omitted];
5) In Section 22.3(f), delete the entire provision and replace with the following:

“If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, and provided that Defaulting Party has paid the undisputed part of the Termination Payment to the Non-Defaulting Party as provided under Section 22.3(c), and that any amounts disputed by the Defaulting Party are disputed in good faith, then the Defaulting Party may submit the calculation issue to Dispute Resolution pursuant to Section 34.”

(d) Section 37 of the Master Agreement is amended by inserting the following in the beginning of the section: “On the date of entering into this Confirmation.”.

(e) Section 24 of the Master Agreement is deleted and replaced with the following:

“This Master Agreement and any Confirmation shall be governed by and construed, enforced and performed in accordance with the laws of the State of California, without regard to principles of conflicts of law.

(f) The netting provisions of Section 28, NETTING, of the Master Agreement shall apply to the transaction covered by this Confirmation as if Buyer and Seller had both executed Exhibit A, NETTING, to the Master Agreement.

(g) Section 30.1 of the Master Agreement is amended by inserting “or requested” after the word “required” in Section 30.1(4) and by adding the following at the end of the first sentence: “; or (8) to the Party’s and such Party’s affiliates’ lenders, counsel, accountants, advisors and agents who have a need to know such information and have agreed to keep such terms confidential.”

(h) Subsections 34.1 and 34.2 of the Master Agreement are hereby deleted and replaced with the following:

“34.1 WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION, CLAIM OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER BASED IN CONTRACT, TORT OR ANY OTHER THEORY) AND HEREBY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.”

“34.2 EXCLUSIVE JURISDICTION

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS LOCATED IN SAN FRANCISCO, CALIFORNIA, FOR ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY TRANSACTION, AND EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE TO SUCH JURISDICTION OR THE CONVENIENCE OF SUCH FORUM.”
(i) The phrase "arbitration or" is hereby deleted from the first line of Section 34.4.

(j) The following shall be inserted as a new Section 34.5:

"34.5 LIMITATION OF DAMAGES. FOR BREACH OF ANY PROVISION OF THIS CONFIRMATION AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, THE EXPRESS REMEDY OR MEASURE OF DAMAGES PROVIDED IS THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT AND THE AGREEMENT FOR THE BREACH, LIABILITY FOR THE BREACH IS LIMITED AS SET FORTH IN THE PROVISION AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT FOR A PARTICULAR BREACH, LIABILITY FOR THE BREACH IS LIMITED TO DIRECT DAMAGES ONLY, THE DIRECT DAMAGES ARE THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT FOR THE BREACH, AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY IS LIABLE FOR ANY OTHER TYPE OF DAMAGE, INCLUDING INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES OF ANY NATURE (INCLUDING DAMAGES ASSOCIATED WITH LOST PROFITS, BUSINESS INTERRUPTION AND LOSS OF GOODWILL) ARISING AT ANY TIME, WHETHER IN TORT (INCLUDING THE SOLE OR CONTRIBUTORY NEGLIGENCE OF EITHER PARTY OR ANY RELATED PERSON), WARRANTY, STRICT LIABILITY, CONTRACT OR STATUTE, UNDER ANY INDEMNITY PROVISION, OR OTHERWISE."

(k) Section 41 "Witness" of the Master Agreement shall become Section 42 and the following "Standard of Review" Section substituted in its place:

"The Parties agree as follows:

For purposes of this Section, the term "Transaction" means a specific sale and purchase, or an option for sale and purchase, of capacity and/or energy to be supplied by one Party to the other Party. From the date of entering into a Transaction under this Master Agreement and throughout the term of such Transaction, the Parties each warrant and covenant as follows:

(i) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Master Agreement (including all Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting sua sponte, shall be the "public interest" standard of review set forth in United 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) (the "Mobile-Sierra" doctrine) and clarified in Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish 554 U.S. ___, 171 L.Ed.2d 607 (2008) and NRG Power Marketing LLC v. Maine Pub. Util. Comm'n, 558 U.S. ___ (2010).

(ii) The Parties, for themselves and their successors and assigns, (i) agree that this "public interest" standard shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the Parties in connection with this Master Agreement and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard."
12. NO RECOUSE TO MEMBERS OF BUYER

Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members. Buyer will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no rights and will not make any claims, take any actions or assert any remedies against any of Buyer’s constituent members, or the officers, directors, advisors, contractors, consultants or employees of Buyer or Buyer’s constituent members, in connection with this Confirmation.

13. 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.

14. ENTIRE AGREEMENT, NO ORAL AGREEMENTS OR MODIFICATIONS

This Confirmation sets forth the terms of the Transaction into which the Parties have entered into and, along with the Agreement, shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the 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

Calpine Energy Services, L.P.

By: __________________________

Name: Andrew Novotny

Title: Vice President

Silicon Valley Clean Energy Authority

By: __________________________

Name: _________________________

Title: _________________________
MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER
BETWEEN
CALPINE ENERGY SERVICES, L.P.
AND
SILICON VALLEY CLEAN ENERGY AUTHORITY

This confirmation letter ("Confirmation") confirms the transaction ("Transaction") between Calpine Energy Services, L.P., a Delaware limited partnership ("Seller") and Silicon Valley Clean Energy Authority, a California Joint Powers Authority ("Buyer"), each individually a "Party" and together the "Parties", dated as of August 7, 2017 (the "Confirmation Effective Date"), in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Confirmation. This Transaction is governed by the Western Systems Power Pool Agreement dated June 20, 2017, as amended from time to time, along with any annexes and amendments thereto (collectively, 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 (as defined herein).

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 as set forth in the Tariff.

1.4 "Availability Standards" shall mean availability standards set forth in Section 40.9 of the Tariff.

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

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

1.7 "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. For purposes of the Master Agreement, "Capacity Replacement Price" shall be deemed to be the "Replacement Price."

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

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

1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.4 hereof.

1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified under the RA Capacity Price Table in Section 4.9.

1.12 "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 (as such amount may be adjusted pursuant to Section 4.4).

1.13 "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 and subsequent decisions related to resource adequacy issued from time to time by the CPUC, including CPUC Decisions 13-06-024, 14-06-050, 15-06-063 and 16-06-045.

1.14 "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.

1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.

1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.

1.17 "Designated RA Capacity" shall be equal to, with respect to 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.

1.18 "Effective Flexible Capacity" means the flexible capacity of a resource that can be counted towards an LSE’s FCR obligation, as identified from time to time by the Tariff, the CPUC Decisions, LRA, or other Governmental Body having jurisdiction.

1.19 "FCR Attributes" means, with respect to a Unit, any and all FCR attributes, consistent with the operational limitations and physical characteristics of such Unit, 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.

1.20 "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.

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

1.22 "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.

1.23 "Flexible RA Product" has the meaning specified in the Section 3.2 hereof.

1.24 "GADS" means the Generating Availability Data System or its successor.

1.25 "Generic RA Product" means Designated RA Capacity consisting of RAR Attributes and, if applicable, LAR Attributes, which does not include FCR Attributes.

1.26 "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.

1.27 "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 in other regulatory proceedings or legislative actions.

1.28 "LAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes (or other locational attributes related to system reliability) consistent with the operational limitations and physical characteristics of such Unit, as they are identified as of the Confirmation Effective Date 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.

1.29 "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, or to an LRA having jurisdiction over the LSE.

1.30 "LRA" has the meaning set forth in the Tariff.

1.31 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).

1.32 "Master Agreement" has the meaning specified in the introductory paragraph hereof.

1.33 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.

1.34 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.

1.35 "NERC" means the North American Electric Reliability Council, or its successor.

1.36 "NERC/GADS Protocols" means the GADS protocols established by NERC, as may be updated from time to time.

1.37 "Net Qualifying Capacity" has the meaning set forth in the Tariff.

1.38 "Non-Availability Charges" has the meaning set forth in the Tariff.

1.39 "Notification Deadline" means the date that is no later than fifteen (15) Business Days before the relevant deadlines for the corresponding RAR Showings, LAR Showings and/or FCR Showings applicable to the Showing Month.

1.40 "Outage" means 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).

1.41 "Planned Outage" means, subject to and as further described in the CPUC Decisions and the Tariff (Planned Outage referred to as "Approved Maintenance Outage" under 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, or for the purposes of new construction work for such Unit.
"Product" has the meaning specified in Article 3 hereof.

"RA Availability" means, for each Unit, expressed as a percentage, (a) the Unit's Designated RA Capacity for a Monthly Delivery Period, divided by (b) the Contract Quantity, provided that a Unit's RA Availability shall not exceed 1.00.

"RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR, 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 RAR Attributes, LAR Attributes and FCR Attributes of the capacity provided by a Unit, as applicable pursuant to this Confirmation.

"RA Capacity Flat Price" means the price specified in the RA Capacity Flat Price Table in Section 4.9 hereof.

"RAR" means the resource adequacy requirements, exclusive of LAR and FCR, established for LSEs by the CPUC pursuant to the CPUC Decisions, or by an LRA or other Governmental Body having jurisdiction.

"RAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes, consistent with the operational limitations and physical characteristics of such Unit, as they are identified as of the Confirmation Effective Date by the Tariff, the CPUC Decisions, LRA, or any Governmental Body having jurisdiction, that can be counted toward RAR, exclusive of any LAR Attributes or FCR Attributes.

"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, the CPUC Decisions or LRA having jurisdiction.

"Replacement Capacity" has the meaning specified in Section 4.7 hereof.

"Replacement Unit" means a generating unit meeting the requirements specified in Section 4.5.

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

"Scheduling Coordinator" has the same meaning as in the Tariff.

"Seller" has the meaning specified in the introductory paragraph hereof.

"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. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.

"Supply Plan" means the supply plans, or similar or successor filings, that each Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other Governmental Body, pursuant to Applicable Laws, in order for that RA Capacity to count for its RAR Attributes, LAR Attributes, and/or FCR Attributes.

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

"Transaction" has the meaning specified in the introductory paragraph hereof.
1.58 "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.

1.59 "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, and (ii) the CAISO-adjusted Net Qualifying Capacity.

1.60 "Unit EFC" means the Effective Flexible Capacity set by the CAISO for the applicable Unit. If the CAISO adjusts the Effective Flexible Capacity of a Unit 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, and (ii) the CAISO-adjusted Effective Flexible Capacity. To the extent the Confirmation Effective Date of this Confirmation occurs prior to the CAISO's setting of a Unit EFC for the applicable Unit, the Unit EFC shall be as agreed to by the Parties and specified in Article 2, and Seller represents that, to the best of its knowledge, this Unit EFC is consistent with the CAISO's methodology for determining Unit EFC as of the Confirmation Effective Date. The above notwithstanding, to the extent the CAISO decides to reduce the applicable Unit EFC, Seller shall not be liable for any costs or damages related to such reduction and the Unit EFC shall be reduced per Section 4.4 of this Confirmation.

2. UNIT INFORMATION

Name: Los Medanos Energy Center AGGREGATE
Location: Pittsburg, CA
CAISO Resource ID: LMEC_1_PL1X3
Resource Type: I_Phys_Res
Resource Category (1, 2, 3 or 4): 4
Point of interconnection with the CAISO Controlled Grid ("Substation"): Pittsburg
Path 26 (North, South or None): North
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment: None
Run Hour Restrictions: None
LAR Attributes (Yes/No): Yes
   If yes: Local Capacity Area (as of Confirmation Effective Date): Bay Area
Product Type (Flexible/Generic): Generic
   If Generic: Unit NQC (as of the Confirmation Effective Date): Varies by month
   If Flexible: Unit EFC (as of the Confirmation Effective Date): N/A
      Flexible Capacity Category (Base/Peak/Super-peak): N/A
3.

RESOURCE ADEQUACY CAPACITY PRODUCT

During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Confirmation, the Designated RA Capacity in the amount of the Contract Quantity of (i) RAR Attributes and, if applicable, LAR Attributes, and (ii) FCR Attributes, if Flexible RA Product is specified in Section 3.2, and the Contract Quantity shall be either a Firm RA Product or a Contingent Firm RA Product, as specified in either Section 3.3 or 3.4 (the "Product"). 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 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.

3.1 RAR and LAR Attributes

Seller shall provide Buyer with the Designated RA Capacity of RAR Attributes and, if applicable, LAR Attributes from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

3.2 Flexible RA Product

Seller shall provide Buyer with Designated RA Capacity of FCR Attributes from the Units in the amount of the applicable Contract Quantity.

3.3 Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the Contract Quantity. If the Units are not available to provide the full amount of the Contract Quantity for any reason other than Force Majeure, including without limitation any Outage or any adjustment of the RA Capacity of any Unit, pursuant to Section 4.4, then, Seller shall provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 4.5 hereof. If Seller fails to provide Buyer with replacement Designated RA Capacity from Replacement Units pursuant to Section 4.5, then Seller shall be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof.

3.4 Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the applicable Contract Quantity; provided, however, that if the Units are not available to provide the full amount of the Contract Quantity, then Seller may provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 4.5 hereof. If Seller fails to provide Buyer with the Designated RA Capacity, then Seller shall be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof; provided, however, that Seller shall not be liable for damages 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 Section 4.4(a) of Seller's intent not to provide Alternate Capacity in an amount equal to the Contract Quantity of that Showing Month.

4.

DELIVERY AND PAYMENT
4.1 **Delivery Period**

The Delivery Period shall be January 1, 2018 through December 31, 2018, 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>Contract Quantity (MWs)</th>
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<tbody>
<tr>
<td>2018 January</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 (i) reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month; or (ii) provide Alternate Capacity up to the Contract Quantity for the applicable portion of such Showing Month in accordance with Section 4.5. If Seller has given Buyer notice of the Planned Outage no later than the Notification Deadline and chooses not to provide Product from Replacement Units, the Contract Quantity shall be revised in accordance with any applicable adjustments stipulated by the CPUC Filing Guide or CAISO Tariff in effect for the applicable Showing Month in which the Planned Outage occurs.

(b) **Reductions in Unit NQC**: If Product is both (i) Generic RA Product, and (ii) Contingent Firm RA Product specified under Section 3.4, 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 NQC as determined by the CAISO. Seller's potential
reduction in Contract Quantity for each remaining Showing Month shall equal the product of (a) the applicable Showing Month Contract Quantity and (b) the total amount (in MW) Unit NQC was reduced since Confirmation Effective Date, divided by (c) Unit NQC as of the Confirmation Effective Date. 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 3.4, then Seller's obligation to deliver the applicable Contract Quantity of Product for any Showing Month may also be reduced if the Unit experiences a reduction in Unit EFC as determined by the CAISO. Seller's potential reduction in Contract Quantity for each remaining Showing Month shall equal the product of (a) the applicable Showing Month Contract Quantity and (b) the total amount (in MW) Unit EFC was reduced since Confirmation Effective Date, divided by (c) Unit EFC as of the Confirmation Effective Date. If the Unit experiences such a reduction in Unit EFC, 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.

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 may, at no cost to Buyer, 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; provided that in each case, Seller shall notify Buyer of its intent to provide Alternative Capacity and identify Replacement Units meeting the above requirements no later than the Notification Deadline. If Seller notifies Buyer in writing as to the particular Replacement Units by the Notification Deadline 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 for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof if the total amount of Product provided to Buyer from the Unit and Replacement Units is equal to the Contract Quantity for the applicable Showing Month.

(b) With respect to a Contingent Firm RA Product, if Seller is unable to provide the full Contract Quantity for any Showing Month for any reason and Seller does not provide Alternate Capacity in an amount equal to the Contract Quantity for that Showing Month, then Buyer may, but shall not be required to, purchase Replacement Capacity. If there is an adjustment to Contract Quantity pursuant to Section 4.4 and Seller has given Buyer notice of such adjustment in Contract Quantity no later than the Notification Deadline Seller shall not be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Section 4.7 and 4.8.

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 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 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, that, if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having RAR Attributes and no LAR Attributes (such capacity shall also include FCR Attributes if this is a Flexible Capacity Product) and no such RAR capacity is available, then Buyer may replace such portion of the Designated RA Capacity with capacity having RAR Attributes and LAR Attributes (as well as FCR Attributes if this is a Flexible Capacity Product)("Replacement Capacity"). Such Replacement Capacity may be provided by CAISO to Buyer pursuant to the Tariff. Buyer may enter into purchase transactions with one or more parties to replace any portion of Designated RA Capacity 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, 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 at the time set forth in Section 21 of the Master Agreement, the following damages in lieu of damages specified in Section 21 of the Master Agreement: 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, plus (B) each Capacity Replacement Price times the amount of the Designated RA Capacity neither provided by Seller nor purchased by Buyer pursuant to Section 4.7(a), and (ii) the Designated RA Capacity not provided for the applicable Showing Month 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 Section 28 of the Master Agreement.

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, resulting from any of the following:

(a) Seller’s failure to provide any portion of the Designated RA Capacity;

(b) Seller’s failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Section 4.6; or
(c) A Unit Scheduling Coordinator’s failure to timely submit Supply Plans that accurately 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 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 Monthly RA Capacity Payment

In accordance with the terms of Section Nine of the Master Agreement, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit, in arrears after the applicable Showing Month. Each Unit’s Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000. The final product of this Monthly RA Capacity Payment calculation shall be rounded to the nearest penny (i.e., two decimal places). 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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4.10 Allocation of Other Payments and Costs

Seller may retain any revenues it 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) capacity revenue for ancillary services, (c) energy sales, (d) any 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. However, Buyer shall be entitled to receive and retain all revenues associated with the Designated RA Capacity of any Unit during the Delivery Period (including any capacity or availability revenues from RMR Agreements for any Unit, Reliability Compensation Services Tariff, and Residual Unit Commitment capacity payments, but excluding payments described in clauses (a) through (c) above). In accordance with Section 4.9 of this Confirmation and Section 9 of the Master Agreement, all such revenues received by Seller, or a Unit's Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and Seller shall indemnify Buyer for any such revenues that Buyer does not receive, and Seller shall pay such revenues to Buyer if the Unit's Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer. If Seller fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues pursuant to Section 9 of the Master Agreement against any future amounts it may owe to Seller under this Confirmation. 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 re-sale in such market, and retain and receive any and all related revenues.

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 shall either schedule or cause 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 shall perform all, or cause 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.

6. GENERAL REPRESENTATIONS AND WARRANTIES

In addition to the representations and warranties contained in Section 37 of the Master Agreement, each of Buyer and Seller represents and warrants to the other party that, as of the Effective Date:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all contractual, governmental, regulatory and legal authorizations necessary for it to legally perform its obligations under this Confirmation;

(c) the execution, delivery and performance of this Confirmation are within its powers, have been duly authorized by all necessary action;

(d) this Confirmation and each other document executed and delivered in accordance with this Confirmation constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending;

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

(f) with respect to the Master Agreement and this Confirmation, the obligations to make payments hereunder do not constitute or create any kind of lien on, or security interest in, any property or revenues of Buyer.

7. OTHER BUYER AND SELLER COVENANTS

7.1 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. Such commercially reasonable actions shall include, 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, the 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, the 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 to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body having jurisdiction to administer RAR and FCR, so as to maintain the purpose of the benefits of the bargain struck by the Parties on the Confirmation Effective Date.

7.2 Seller represents, warrants and covenants 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 such analogous capacity 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 capacity 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 and, as applicable, RAR, LAR and/or FCR;

(g)  If Seller is the owner of any Unit, the respective cumulative sums 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, and 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 the Buyer, at least five (5) Business Days before the relevant deadline for each RAR Showing, LAR Showing, and/or FCR Showing, as applicable, 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.

8. CONFIDENTIALITY

Notwithstanding Section 30.1 of the Master Agreement, 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. Buyer and Seller acknowledge and agree that the Master Agreement and any Confirmations executed in connection therewith are subject to the California Public Records Act (Government Code Section 6250 et seq.).

9. BUYER'S RE-SALE OF PRODUCT

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

10. MARKET BASED RATE AUTHORITY
Seller agrees, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, to, 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 also agrees that it will 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.

11. 
MASTER AGREEMENT AMENDMENTS

For purposes of this Transaction only, the Master Agreement shall be amended as follows:

(a) Section 22.1 of the Master Agreement is modified by inserting the following new text at the end thereof:

“(f) the failure of the Defaulting Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party’s obligations to deliver or receive the quantities of capacity and/or energy due under this Agreement, the exclusive remedy for which is provided in Section 21.3) if such failure is not remedied within three (3) Business Days after written notice;

(g) the failure of the Defaulting Party to pay its debts generally as they become due or the Defaulting Party’s admission in a writing that is unable to generally pay its debts as they become due;

(h) the institution, by the Defaulting Party, of a general assignment for the benefit of its creditors; or

(i) the application for, consent to, or acquiescence to, by the Defaulting Party, the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets."

(b) Section 22.2(b) of the Master Agreement is amended by inserting in Section 22.2, “and is continuing” after “Event of Default occurs” in the first line thereof and deleting the second sentence therein.

(c) Section 22.3 of the Master Agreement is amended by:

1) In Section 22.3(b), replacing the second sentence thereof with “The “Present Value Rate” shall be determined by the Non-Defaulting Party in a commercially reasonable manner.”;

2) In Section 22.3(c), deleting the third sentence thereof and replacing it with the following: “If the Non-Defaulting Party’s aggregate Gains exceeds its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment for all such Terminated Transactions shall be zero, notwithstanding any provision in this Section in this Confirmation or Agreement to the contrary.”

3) In Section 22.3 (d), replacing “this Agreement and any Confirmation” in the third line thereof with “any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party”;

4) In Section 22.3(e), delete the entire provision (including subsections) and replace it with the following: “[intentionally omitted];"
5) In Section 22.3(f), delete the entire provision and replace with the following:

"If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, and provided that Defaulting Party has paid the undisputed part of the Termination Payment to the Non-Defaulting Party as provided under Section 22.3(c), and that any amounts disputed by the Defaulting Party are disputed in good faith, then the Defaulting Party may submit the calculation issue to Dispute Resolution pursuant to Section 34."

(d) Section 37 of the Master Agreement is amended by inserting the following in the beginning of the section: "On the date of entering into this Confirmation,"

(e) Section 24 of the Master Agreement is deleted and replaced with the following:

"This Master Agreement and any Confirmation shall be governed by and construed, enforced and performed in accordance with the laws of the State of California, without regard to principles of conflicts of law.

(f) The netting provisions of Section 28, NETTING, of the Master Agreement shall apply to the transaction covered by this Confirmation as if Buyer and Seller had both executed Exhibit A, NETTING, to the Master Agreement.

(g) Section 30.1 of the Master Agreement is amended by inserting "or requested" after the word "required" in Section 30.1(4) and by adding the following at the end of the first sentence: ", or (8) to the Party's and such Party's affiliates' lenders, counsel, accountants, advisors and agents who have a need to know such information and have agreed to keep such terms confidential."

(h) Subsections 34.1 and 34.2 of the Master Agreement are hereby deleted and replaced with the following:

"34.1 WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION, CLAIM OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER BASED IN CONTRACT, TORT OR ANY OTHER THEORY) AND HEREBY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION."

"34.2 EXCLUSIVE JURISDICTION

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS LOCATED IN SAN FRANCISCO, CALIFORNIA, FOR ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY TRANSACTION, AND EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE TO SUCH JURISDICTION OR THE CONVENIENCE OF SUCH FORUM."
(i) The phrase "arbitration or" is hereby deleted from the first line of Section 34.4.

(j) The following shall be inserted as a new Section 34.5:

"34.5 LIMITATION OF DAMAGES. FOR BREACH OF ANY PROVISION OF THIS CONFIRMATION AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, THE EXPRESS REMEDY OR MEASURE OF DAMAGES PROVIDED IS THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT AND THE AGREEMENT FOR THE BREACH, LIABILITY FOR THE BREACH IS LIMITED AS SET FORTH IN THE PROVISION AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT FOR A PARTICULAR BREACH, LIABILITY FOR THE BREACH IS LIMITED TO DIRECT DAMAGES ONLY, THE DIRECT DAMAGES ARE THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT FOR THE BREACH, AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY IS LIABLE FOR ANY OTHER TYPE OF DAMAGE, INCLUDING INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES OF ANY NATURE (INCLUDING DAMAGES ASSOCIATED WITH LOST PROFITS, BUSINESS INTERRUPTION AND LOSS OF GOODWILL) ARISING AT ANY TIME, WHETHER IN TORT (INCLUDING THE SOLE OR CONTRIBUTORY NEGLIGENCE OF EITHER PARTY OR ANY RELATED PERSON), WARRANTY, STRICT LIABILITY, CONTRACT OR STATUTE, UNDER ANY INDEMNITY PROVISION, OR OTHERWISE."

(k) Section 41 "Witness" of the Master Agreement shall become Section 42 and the following "Standard of Review" Section substituted in its place:

"The Parties agree as follows:

For purposes of this Section, the term "Transaction" means a specific sale and purchase, or an option for sale and purchase, of capacity and/or energy to be supplied by one Party to the other Party. From the date of entering into a Transaction under this Master Agreement and throughout the term of such Transaction, the Parties each warrant and covenant as follows:

(i) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Master Agreement (including all Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting sua sponte, shall be the "public interest" standard of review set forth in United 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) (the "Mobile-Sierra" doctrine) and clarified in Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish 554 U.S. __ , 171 L.Ed.2d 607 (2008) and NRG Power Marketing LLC v. Maine Pub. Util. Comm'n, 558 U.S. __ (2010).

(ii) The Parties, for themselves and their successors and assigns, (i) agree that this "public interest" standard shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the Parties in connection with this Master Agreement and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard."
12. NO RECOUSE TO MEMBERS OF BUYER

Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members. Buyer will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no rights and will not make any claims, take any actions or assert any remedies against any of Buyer's constituent members, or the officers, directors, advisors, contractors, consultants or employees of Buyer or Buyer's constituent members, in connection with this Confirmation.

13. 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.

14. ENTIRE AGREEMENT, NO ORAL AGREEMENTS OR MODIFICATIONS

This Confirmation sets forth the terms of the Transaction into which the Parties have entered into and, along with the Agreement, shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the 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

Calpine Energy Services, L.P.

By: __________________________

Name: Andrew Novotny

Title: Vice President

Silicon Valley Clean Energy Authority

By: __________________________

Name: _________________________

Title: __________________________

Silicon Valley Clean Energy Authority 2018 RA Generic and Flexible RA Form of WSPP Confirmation
MASTERT POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER
BETWEEN
CALPINE ENERGY SERVICES, L.P.
AND
SILICON VALLEY CLEAN ENERGY AUTHORITY

This confirmation letter ("Confirmation") confirms the transaction ("Transaction") between Calpine Energy Services, L.P., a Delaware limited partnership ("Seller") and Silicon Valley Clean Energy Authority, a California Joint Powers Authority ("Buyer"), each individually a "Party" and together the "Parties", dated as of August 7, 2017 (the "Confirmation Effective Date"), in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in Article 3 of this Confirmation. This Transaction is governed by the Western Systems Power Pool Agreement dated June 20, 2017, as amended from time to time, along with any annexes and amendments thereto (collectively, 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 (as defined herein).

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 as set forth in the Tariff.

1.4 "Availability Standards" shall mean availability standards set forth in Section 40.9 of the Tariff.

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

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

1.7 "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. For purposes of the Master Agreement, "Capacity Replacement Price" shall be deemed to be the "Replacement Price."

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

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

1.10 "Contingent Firm RA Product" has the meaning specified in Section 3.4 hereof.

1.11 "Contract Price" means, for any Monthly Delivery Period, the price specified under the RA Capacity Price Table in Section 4.9.

1.12 "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 (as such amount may be adjusted pursuant to Section 4.4).

1.13 "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 and subsequent decisions related to resource adequacy issued from time to time by the CPUC, including CPUC Decisions 13-06-024, 14-06-050, 15-06-063 and 16-06-045.

1.14 "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.

1.15 "Delivery Period" has the meaning specified in Section 4.1 hereof.

1.16 "Delivery Point" has the meaning specified in Section 4.2 hereof.

1.17 "Designated RA Capacity" shall be equal to, with respect to 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.

1.18 "Effective Flexible Capacity" means the flexible capacity of a resource that can be counted towards an LSE’s FCR obligation, as identified from time to time by the Tariff, the CPUC Decisions, LRA, or other Governmental Body having jurisdiction.

1.19 "FCR Attributes" means, with respect to a Unit, any and all FCR attributes, consistent with the operational limitations and physical characteristics of such Unit, 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.

1.20 "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.

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

1.22 "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.

1.23 "Flexible RA Product" has the meaning specified in the Section 3.2 hereof.

1.24 "GADS" means the Generating Availability Data System or its successor.

1.25 "Generic RA Product" means Designated RA Capacity consisting of RAR Attributes and, if applicable, LAR Attributes, which does not include FCR Attributes.

1.26 "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.

1.27 "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 in other regulatory proceedings or legislative actions.

1.28 "LAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes (or other locational attributes related to system reliability) consistent with the operational limitations and physical characteristics of such Unit, as they are identified as of the Confirmation Effective Date 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.

1.29 "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, or to an LRA having jurisdiction over the LSE.

1.30 "LRA" has the meaning set forth in the Tariff.

1.31 "LSE" means load-serving entity. LSEs may be an investor-owned utility, an electric service provider, a community aggregator or community choice aggregator, or a municipality serving load in the CAISO Control Area (excluding exports).

1.32 "Master Agreement" has the meaning specified in the introductory paragraph hereof.

1.33 "Monthly Delivery Period" means each calendar month during the Delivery Period and shall correspond to each Showing Month.

1.34 "Monthly RA Capacity Payment" has the meaning specified in Section 4.9 hereof.

1.35 "NERC" means the North American Electric Reliability Council, or its successor.

1.36 "NERC/GADS Protocols" means the GADS protocols established by NERC, as may be updated from time to time.

1.37 "Net Qualifying Capacity" has the meaning set forth in the Tariff.

1.38 "Non-Availability Charges" has the meaning set forth in the Tariff.

1.39 "Notification Deadline" means the date that is no later than fifteen (15) Business Days before the relevant deadlines for the corresponding RAR Showings, LAR Showings and/or FCR Showings applicable to the Showing Month.

1.40 "Outage" means 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).

1.41 "Planned Outage" means, subject to and as further described in the CPUC Decisions and the Tariff (Planned Outage referred to as "Approved Maintenance Outage" under 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, or for the purposes of new construction work for such Unit.
1.42 "Product" has the meaning specified in Article 3 hereof.

1.43 "RA Availability" means, for each Unit, expressed as a percentage, (a) the Unit's Designated RA Capacity for a Monthly Delivery Period, divided by (b) the Contract Quantity, provided that a Unit's RA Availability shall not exceed 1.00.

1.44 "RA Capacity" means the qualifying and deliverable capacity of the Unit for RAR, 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 RAR Attributes, LAR Attributes and FCR Attributes of the capacity provided by a Unit, as applicable pursuant to this Confirmation.

1.45 "RA Capacity Flat Price" means the price specified in the RA Capacity Flat Price Table in Section 4.9 hereof.

1.46 "RAR" means the resource adequacy requirements, exclusive of LAR and FCR, established for LSEs by the CPUC pursuant to the CPUC Decisions, or by an LRA or other Governmental Body having jurisdiction.

1.47 "RAR Attributes" means, with respect to a Unit, any and all resource adequacy attributes, consistent with the operational limitations and physical characteristics of such Unit, as they are identified as of the Confirmation Effective Date by the Tariff, the CPUC Decisions, LRA, or any Governmental Body having jurisdiction, that can be counted toward RAR, exclusive of any LAR Attributes or FCR Attributes.

1.48 "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, the CPUC Decisions or LRA having jurisdiction.

1.49 "Replacement Capacity" has the meaning specified in Section 4.7 hereof.

1.50 "Replacement Unit" means a generating unit meeting the requirements specified in Section 4.5.

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

1.52 "Scheduling Coordinator" has the same meaning as in the Tariff.

1.53 "Seller" has the meaning specified in the introductory paragraph hereof.

1.54 "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. For illustrative purposes only, pursuant to the CPUC Decisions in effect as of the Confirmation Effective Date, the monthly RAR Showing made in June is for the Showing Month of August.

1.55 "Supply Plan" means the supply plans, or similar or successor filings, that each Scheduling Coordinator representing RA Capacity submits to the CAISO, LRA, or other Governmental Body, pursuant to Applicable Laws, in order for that RA Capacity to count for its RAR Attributes, LAR Attributes, and/or FCR Attributes.

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

1.57 "Transaction" has the meaning specified in the introductory paragraph hereof.
1.58 "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.

1.59 "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, and (ii) the CAISO-adjusted Net Qualifying Capacity.

1.60 "Unit EFC" means the Effective Flexible Capacity set by the CAISO for the applicable Unit. If the CAISO adjusts the Effective Flexible Capacity of a Unit 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, and (ii) the CAISO-adjusted Effective Flexible Capacity. To the extent the Confirmation Effective Date of this Confirmation occurs prior to the CAISO's setting of a Unit EFC for the applicable Unit, the Unit EFC shall be as agreed to by the Parties and specified in Article 2, and Seller represents that, to the best of its knowledge, this Unit EFC is consistent with the CAISO's methodology for determining Unit EFC as of the Confirmation Effective Date. The above notwithstanding, to the extent the CAISO decides to reduce the applicable Unit EFC, Seller shall not be liable for any costs or damages related to such reduction and the Unit EFC shall be reduced per Section 4.4 of this Confirmation.

2. UNIT INFORMATION

Name: Gilroy Cogen Aggregate

Location: Gilroy, CA

CAISO Resource ID: GIROY_1_UNIT

Resource Type: L_Phy_Res

Resource Category (1, 2, 3 or 4): 4

Point of interconnection with the CAISO Controlled Grid ("Substation"): Llagas

Current CAISO Zone (NP15, ZP26, or SP15) in which Substation resides: NP15

Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment: None

Run Hour Restrictions: None

LAR Attributes (Yes/No): Yes

If yes: Local Capacity Area (as of Confirmation Effective Date): Bay Area

Product Type (Flexible/Generic): Generic

If Generic: Unit NQC (as of the Confirmation Effective Date): Varies by month

If Flexible: Unit EFC (as of the Confirmation Effective Date): N/A

Flexible Capacity Category (Base/Peak/Super-peak): N/A
3. RESOURCE ADEQUACY CAPACITY PRODUCT

During the Delivery Period, Seller shall provide to Buyer, pursuant to the terms of this Confirmation, the Designated RA Capacity in the amount of the Contract Quantity of (i) RAR Attributes and, if applicable, LAR Attributes, and (ii) FCR Attributes, if Flexible RA Product is specified in Section 3.2, and the Contract Quantity shall be either a Firm RA Product or a Contingent Firm RA Product, as specified in either Section 3.3 or 3.4 (the "Product"). 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 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.

3.1 RAR and LAR Attributes

Seller shall provide Buyer with the Designated RA Capacity of RAR Attributes and, if applicable, LAR Attributes from each Unit, as measured in MWs, in accordance with the terms and conditions of this Agreement.

3.2 □ Flexible RA Product

Seller shall provide Buyer with Designated RA Capacity of FCR Attributes from the Units in the amount of the applicable Contract Quantity.

3.3 □ Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the Contract Quantity. If the Units are not available to provide the full amount of the Contract Quantity for any reason other than Force Majeure, including without limitation any Outage or any adjustment of the RA Capacity of any Unit, pursuant to Section 4.4, then, Seller shall provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 4.5 hereof. If Seller fails to provide Buyer with replacement Designated RA Capacity from Replacement Units pursuant to Section 4.5, then Seller shall be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof.

3.4 □ Contingent Firm RA Product

Seller shall provide Buyer with Designated RA Capacity from the Units in the amount of the applicable Contract Quantity; provided, however, that if the Units are not available to provide the full amount of the Contract Quantity, then Seller may provide Buyer with Designated RA Capacity from one or more Replacement Units pursuant to Section 4.5 hereof. If Seller fails to provide Buyer with the Designated RA Capacity, then Seller shall be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof; provided, however, that Seller shall not be liable for damages 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 Section 4.4(a) of Seller's intent not to provide Alternate Capacity in an amount equal to the Contract Quantity of that Showing Month.

4. DELIVERY AND PAYMENT
4.1 **Delivery Period**

The Delivery Period shall be January 1, 2018 through December 31, 2018, 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:

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<th>Month</th>
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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 (i) reduce the Contract Quantity in accordance with the Planned Outage for such portion of the Showing Month; or (ii) provide Alternate Capacity up to the Contract Quantity for the applicable portion of such Showing Month in accordance with Section 4.5. If Seller has given Buyer notice of the Planned Outage no later than the Notification Deadline and chooses not to provide Product from Replacement Units, the Contract Quantity shall be revised in accordance with any applicable adjustments stipulated by the CPUC Filing Guide or CAISO Tariff in effect for the applicable Showing Month in which the Planned Outage occurs.

(b) **Reductions in Unit NQC:** If Product is both (i) Generic RA Product, and (ii) Contingent Firm RA Product specified under Section 3.4, 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 NQC as determined by the CAISO. Seller’s potential
reduction in Contract Quantity for each remaining Showing Month shall equal the product of (a) the applicable Showing Month Contract Quantity and (b) the total amount (in MW) Unit NQC was reduced since Confirmation Effective Date, divided by (c) Unit NQC as of the Confirmation Effective Date. 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 3.4, then Seller's obligation to deliver the applicable Contract Quantity of Product for any Showing Month may also be reduced if the Unit experiences a reduction in Unit EFC as determined by the CAISO. Seller's potential reduction in Contract Quantity for each remaining Showing Month shall equal the product of (a) the applicable Showing Month Contract Quantity and (b) the total amount (in MW) Unit EFC was reduced since Confirmation Effective Date, divided by (c) Unit EFC as of the Confirmation Effective Date. If the Unit experiences such a reduction in Unit EFC, 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.

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 may, at no cost to Buyer, 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; provided that in each case, Seller shall notify Buyer of its intent to provide Alternative Capacity and identify Replacement Units meeting the above requirements no later than the Notification Deadline. If Seller notifies Buyer in writing as to the particular Replacement Units by the Notification Deadline 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 for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Sections 4.7 and 4.8 hereof if the total amount of Product provided to Buyer from the Unit and Replacement Units is equal to the Contract Quantity for the applicable Showing Month.

(b) With respect to a Contingent Firm RA Product, if Seller is unable to provide the full Contract Quantity for any Showing Month for any reason and Seller does not provide Alternate Capacity in an amount equal to the Contract Quantity for that Showing Month, then Buyer may, but shall not be required to, purchase Replacement Capacity. If there is an adjustment to Contract Quantity pursuant to Section 4.4 and Seller has given Buyer notice of such adjustment in Contract Quantity no later than the Notification Deadline, Seller shall not be liable for damages and/or required to indemnify Buyer for penalties or fines pursuant to the terms of Section 4.7 and 4.8.

4.6 Delivery of Product

Seller shall provide Buyer with the Designated RA Capacity of Product for each Showing Month consistent with the following:
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 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 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, that, if any portion of the Designated RA Capacity that Buyer is seeking to replace is Designated RA Capacity having RAR Attributes and no LAR Attributes (such capacity shall also include FCR Attributes if this is a Flexible Capacity Product) and no such RAR capacity is available, then Buyer may replace such portion of the Designated RA Capacity with capacity having RAR Attributes and LAR Attributes (as well as FCR Attributes if this is a Flexible Capacity Product) ("Replacement Capacity"). Such Replacement Capacity may be provided by CAISO to Buyer pursuant to the Tariff. Buyer may enter into purchase transactions with one or more parties to replace any portion of Designated RA Capacity 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, 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 at the time set forth in Section 21 of the Master Agreement, the following damages in lieu of damages specified in Section 21 of the Master Agreement: 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, plus (B) each Capacity Replacement Price times the amount of the Designated RA Capacity neither provided by Seller nor purchased by Buyer pursuant to Section 4.7(a), and (ii) the Designated RA Capacity not provided for the applicable Showing Month 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 Section 28 of the Master Agreement.

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, resulting from any of the following:

(a) Seller’s failure to provide any portion of the Designated RA Capacity;

(b) Seller’s failure to provide notice of the non-availability of any portion of Designated RA Capacity as required under Section 4.6; or
(c) A Unit Scheduling Coordinator's failure to timely submit Supply Plans that accurately 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 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 Monthly RA Capacity Payment

In accordance with the terms of Section Nine of the Master Agreement, Buyer shall make a Monthly RA Capacity Payment to Seller for each Unit, in arrears after the applicable Showing Month. Each Unit's Monthly RA Capacity Payment shall be equal to the product of (a) the applicable Contract Price for that Monthly Delivery Period, (b) the Designated RA Capacity for the Monthly Delivery Period, and (c) 1,000. The final product of this Monthly RA Capacity Payment calculation shall be rounded to the nearest penny (i.e., two decimal places). 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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<thead>
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<th>RA CAPACITY FLAT PRICE TABLE</th>
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4.10 Allocation of Other Payments and Costs

Seller may retain any revenues it 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) capacity revenue for ancillary services, (c) energy sales, (d) any 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. However, Buyer shall be entitled to receive and retain all revenues associated with the Designated RA Capacity of any Unit during the Delivery Period (including any capacity or availability revenues from RMR Agreements for any Unit, Reliability Compensation Services Tariff, and Residual Unit Commitment capacity payments, but excluding payments described in clauses (a) through (c) above). In accordance with Section 4.9 of this Confirmation and Section 9 of the Master Agreement, all such revenues received by Seller, or a Unit’s Scheduling Coordinator, owner, or operator shall be remitted to Buyer, and Seller shall indemnify Buyer for any such revenues that Buyer does not receive, and Seller shall pay such revenues to Buyer if the Unit’s Scheduling Coordinator, owner, or operator fails to remit those revenues to Buyer. If Seller fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it for such revenues pursuant to Section 9 of the Master Agreement against any future amounts it may owe to Seller under this Confirmation. 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 re-sale in such market, and retain and receive any and all related revenues.

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 shall either schedule or cause 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 shall perform all, or cause 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.

6. GENERAL REPRESENTATIONS AND WARRANTIES

In addition to the representations and warranties contained in Section 37 of the Master Agreement, each of Buyer and Seller represents and warrants to the other party that, as of the Effective Date:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all contractual, governmental, regulatory and legal authorizations necessary for it to legally perform its obligations under this Confirmation;

(c) the execution, delivery and performance of this Confirmation are within its powers, have been duly authorized by all necessary action;

(d) this Confirmation and each other document executed and delivered in accordance with this Confirmation constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending;

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

(f) with respect to the Master Agreement and this Confirmation, the obligations to make payments hereunder do not constitute or create any kind of lien on, or security interest in, any property or revenues of Buyer.

7. OTHER BUYER AND SELLER COVENANTS

7.1 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. Such commercially reasonable actions shall include, 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, the 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, the 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 to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, or other Governmental Body having jurisdiction to administer RAR and FCR, so as to maintain the purpose of the benefits of the bargain struck by the Parties on the Confirmation Effective Date.

7.2 Seller represents, warrants and covenants 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 such analogous capacity 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 capacity 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;
August 7, 2017
Deal Number: 2152051

(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 and, as applicable, RAR, LAR and/or FCR;

(g) If Seller is the owner of any Unit, the respective cumulative sums 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, and 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 the Buyer, at least five (5) Business Days before the relevant deadline for each RAR Showing, LAR Showing, and/or FCR Showing, as applicable, 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.

8. CONFIDENTIALITY

Notwithstanding Section 30.1 of the Master Agreement, 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. Buyer and Seller acknowledge and agree that the Master Agreement and any Confirmations executed in connection therewith are subject to the California Public Records Act (Government Code Section 6250 et seq.).

9. BUYER’S RE-SALE OF PRODUCT

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

10. MARKET BASED RATE AUTHORITY
Seller agrees, in accordance with Federal Energy Regulatory Commission (FERC) Order No. 697, to, 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 also agrees that it will 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.

11. MASTER AGREEMENT AMENDMENTS

For purposes of this Transaction only, the Master Agreement shall be amended as follows:

(a) Section 22.1 of the Master Agreement is modified by inserting the following new text at the end thereof:

“(f) the failure of the Defaulting Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party’s obligations to deliver or receive the quantities of capacity and/or energy due under this Agreement, the exclusive remedy for which is provided in Section 21.3) if such failure is not remedied within three (3) Business Days after written notice;

(g) the failure of the Defaulting Party to pay its debts generally as they become due or the Defaulting Party’s admission in a writing that is unable to generally pay its debts as they become due;

(h) the institution, by the Defaulting Party, of a general assignment for the benefit of its creditors; or

(i) the application for, consent to, or acquiescence to, by the Defaulting Party, the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets.”

(b) Section 22.2(b) of the Master Agreement is amended by inserting in Section 22.2, “and is continuing” after “Event of Default occurs” in the first line thereof and deleting the second sentence therein.

(c) Section 22.3 of the Master Agreement is amended by:

1) In Section 22.3(b), replacing the second sentence thereof with “The “Present Value Rate” shall be determined by the Non-Defaulting Party in a commercially reasonable manner.”;

2) In Section 22.3(c), deleting the third sentence thereof and replacing it with the following: “If the Non-Defaulting Party’s aggregate Gains exceeds its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment for all such Terminated Transactions shall be zero, notwithstanding any provision in this Section in this Confirmation or Agreement to the contrary.”

3) In Section 22.3 (d), replacing “this Agreement and any Confirmation” in the third line thereof with “any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party”;

4) In Section 22.3(e), delete the entire provision (including subsections) and replace it with the following: “[intentionally omitted]”;
5) In Section 22.3(f), delete the entire provision and replace with the following:

“If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, and provided that Defaulting Party has paid the undisputed part of the Termination Payment to the Non-Defaulting Party as provided under Section 22.3(c), and that any amounts disputed by the Defaulting Party are disputed in good faith, then the Defaulting Party may submit the calculation issue to Dispute Resolution pursuant to Section 34.”

(d) Section 37 of the Master Agreement is amended by inserting the following in the beginning of the section: “On the date of entering into this Confirmation,”.

(e) Section 24 of the Master Agreement is deleted and replaced with the following:

“This Master Agreement and any Confirmation shall be governed by and construed, enforced and performed in accordance with the laws of the State of California, without regard to principles of conflicts of law.

(f) The netting provisions of Section 28, NETTING, of the Master Agreement shall apply to the transaction covered by this Confirmation as if Buyer and Seller had both executed Exhibit A, NETTING, to the Master Agreement.

(g) Section 30.1 of the Master Agreement is amended by inserting "or requested" after the word "required" in Section 30.1(4) and by adding the following at the end of the first sentence: "; or (8) to the Party's and such Party’s affiliates’ lenders, counsel, accountants, advisors and agents who have a need to know such information and have agreed to keep such terms confidential”.

(h) Subsections 34.1 and 34.2 of the Master Agreement are hereby deleted and replaced with the following:

"34.1 WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION, CLAIM OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER BASED IN CONTRACT, TORT OR ANY OTHER THEORY) AND HEREBY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.”

"34.2 EXCLUSIVE JURISDICTION

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS LOCATED IN SAN FRANCISCO, CALIFORNIA, FOR ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY TRANSACTION, AND EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE TO SUCH JURISDICTION OR THE CONVENIENCE OF SUCH FORUM.”
(i) The phrase "arbitration or" is hereby deleted from the first line of Section 34.4.

(j) The following shall be inserted as a new Section 34.5:

"34.5 LIMITATION OF DAMAGES. FOR BREACH OF ANY PROVISION OF THIS CONFIRMATION AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, THE EXPRESS REMEDY OR MEASURE OF DAMAGES PROVIDED IS THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT AND THE AGREEMENT FOR THE BREACH, LIABILITY FOR THE BREACH IS LIMITED AS SET FORTH IN THE PROVISION AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT FOR A PARTICULAR BREACH, LIABILITY FOR THE BREACH IS LIMITED TO DIRECT DAMAGES ONLY, THE DIRECT DAMAGES ARE THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT FOR THE BREACH, AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY IS LIABLE FOR ANY OTHER TYPE OF DAMAGE, INCLUDING INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES OF ANY NATURE (INCLUDING DAMAGES ASSOCIATED WITH LOST PROFITS, BUSINESS INTERRUPTION AND LOSS OF GOODWILL) ARISING AT ANY TIME, WHETHER IN TORT (INCLUDING THE SOLE OR CONTRIBUTORY NEGLIGENCE OF EITHER PARTY OR ANY RELATED PERSON), WARRANTY, STRICT LIABILITY, CONTRACT OR STATUTE, UNDER ANY INDEMNITY PROVISION, OR OTHERWISE."

(k) Section 41 "Witness" of the Master Agreement shall become Section 42 and the following "Standard of Review" Section substituted in its place:

"The Parties agree as follows:

For purposes of this Section, the term "Transaction" means a specific sale and purchase, or an option for sale and purchase, of capacity and/or energy to be supplied by one Party to the other Party. From the date of entering into a Transaction under this Master Agreement and throughout the term of such Transaction, the Parties each warrant and covenant as follows:

(i) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Master Agreement (including all Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting sua sponte, shall be the "public interest" standard of review set forth in United 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) (the "Mobile-Sierra" doctrine) and clarified in Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish 554 U.S. __, 171 L.Ed.2d 607 (2008) and NRG Power Marketing LLC v. Maine Pub. Util. Comm’n, 558 U.S. __ (2010).

(ii) The Parties, for themselves and their successors and assigns, (i) agree that this "public interest" standard shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the Parties in connection with this Master Agreement and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard."
12. NO RECOERCSE TO MEMBERS OF BUYER

Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members. Buyer will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no rights and will not make any claims, take any actions or assert any remedies against any of Buyer's constituent members, or the officers, directors, advisors, contractors, consultants or employees of Buyer or Buyer's constituent members, in connection with this Confirmation.

13. 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.

14. ENTIRE AGREEMENT, NO ORAL AGREEMENTS OR MODIFICATIONS

This Confirmation sets forth the terms of the Transaction into which the Parties have entered into and, along with the Agreement, shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the 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

Calpine Energy Services, L.P.  

By: __________________________

Name: Andrew Novotny  

Title: Vice President

Silicon Valley Clean Energy Authority

By: __________________________

Name: __________________________

Title: __________________________
Import Resource Adequacy Capacity Product
Confirmation Agreement Between
Calpine Energy Services, L.P. and Silicon Valley Clean Energy, a California joint
powers authority
Resource Contract Capacity Number: TBD

This confirmation agreement ("Confirmation") dated August 16, 2017 (the "Confirmation
Effective Date"), shall document the negotiated transaction between Calpine Energy Services,
L.P. ("Seller") and Silicon Valley Clean Energy, a California joint powers authority ("Buyer"),
together the "Parties", in which Seller agrees to provide to Buyer the right to Import Resource
Adequacy ("RA") Capacity as specified herein. This Transaction is governed by the Western
Systems Power Pool Agreement dated June 20, 2017, as amended from time to time, along
with any annexes and amendments thereto, as amended and supplemented by this
Confirmation (collectively, the "Master Agreement") under the following terms and conditions.
The definitions and provisions contained in the Master Agreement, in the decision of the
California Public Utilities Commission ("CPUC") as contained in Decision ("D.") 04-10-035, D.05-
10-042 and D.06-07-031, and in any subsequent or modifying rulings or decisions related to
RA("RA Rules"), and in the tariffs and protocols of the California Independent System Operator
("CAISO"), as amended from time to time ("Tariff"), shall apply to this Confirmation Agreement
and are incorporated by reference; provided that, to the extent that this Confirmation Agreement
is inconsistent with any provision of the Master Agreement, this Confirmation Agreement shall
govern the rights and obligations of the Parties hereunder.

1. Definitions:

1.1 "Import RA Capacity Product, or Import RA Capacity" means the qualified and
deliverable capacity from the System Resource that can be counted toward Buyer's
System Resource Adequacy Requirements ("RAR") as described in the CPUC's RA
Rules, and all other resource adequacy requirements established by any other regional
entity responsible for RAR including but not limited to the CAISO. Import RA Capacity
does not confer to Buyer any right to the Contract Quantity of Seller's System Resource
other than the right to count such Contract Quantity toward Buyer's RAR during the
Delivery Term. Specifically, no energy associated with Seller's System Resource is
required to be made available to Buyer as part of this RA Capacity obligation, and Buyer
shall in no way be responsible to compensate Seller for any commitments to CAISO as
set forth in this Transaction.

1.2 "Contract Quantity" means the amount of Import RA Capacity stated in megawatts
("MW"), made available twenty-four hours per day, seven days per week, to the RA
Capacity Delivery Point through transmission service that is not recallable for economic
reasons, and which is backed by operating reserves in the originating control area,
delivered to the RA Capacity Delivery Point as set forth in this Confirmation.

1.3 "RA Capacity Delivery Point" means the CAISO Scheduling Point on the California
Oregon Border (COB) which maps to the CAISO Branch Group Malin500 where Buyer
holds intertie import capability.

1.4 "System Resource" means a group of resources located outside of the CAISO Control
Area capable of providing Energy and/or Ancillary Services to the RA Capacity Delivery
Point.
2. **Representations and Warranties:**

2.1 Seller and Buyer represent and warrant that throughout the Delivery Term they shall 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, consistent with the Tariff and RA Rules. Such commercially reasonable actions may include but are not limited to the following:

a) Meeting requirements established by the Tariff and RA Rules, including (1) demonstrating the ability to deliver the Contract Quantity over all hours of the Delivery Term required for full RAR eligibility, (2) demonstrating that the Contract Quantity can be delivered to the CAISO controlled grid pursuant to “deliverability” standards established by the CPUC or other regional entity or entities responsible for RA administration, and (3) provision of a Supply Plan to the CAISO by Seller's Scheduling Coordinator and sufficient information to allow for the submission of a complete Resource Plan by Buyer’s Scheduling Coordinator (as such terms are defined in the Tariff); and

b) Negotiating in good faith to make necessary amendments, if any, to this Confirmation to conform this Confirmation to subsequent clarifications, revisions or decisions rendered by the CPUC, CAISO or other regional entity or entities responsible for RA administration, so as to maintain the benefits of the bargain struck by the Parties; and

c) At all times using “Good Utility Practice” as defined in the Tariff.

2.2 Seller represents and warrants that throughout the Delivery Term:

a) Buyer has the exclusive right to count the Contract Quantity of Import RA Capacity Product from Seller’s System Resource toward Buyer’s RAR;

b) No portion of the Contract Quantity of Import RA Capacity Product has been committed by Seller to any third party in order to satisfy RAR or analogous capacity obligations in other markets; and

c) Seller shall abide by all applicable CAISO Tariff provisions and procedures approved by the Federal Energy Regulatory Commission (“FERC”), and RA Rules approved by the CPUC as they apply to the Import RA Capacity Product.

3. **CAISO Dispatch Requirements:**

During the Delivery Period, unless the System Resource is affected by an event of force majeure that results in a partial or full transmission outage reducing the amount of Contract Quantity, Seller shall commit the full Contract Quantity to the CAISO in compliance with the applicable section of the Tariff implementing the RA Rules.

In compliance with section 40.6 of the Tariff, Seller shall submit a bid or self-schedule or have a bid submitted on the Seller’s behalf by the CAISO into the CAISO Day Ahead Integrated Forward Market (“IFM”) at the RA Capacity Delivery Point of the Import RA
Capacity in all hours of the Delivery Term for an amount of the Contract Quantity, adjusted for any outages or reductions in Contract Quantity reported to the CAISO in accordance with the Tariff, except for any hours in which the Seller was prohibited by Section 30.8 from bidding across an out-of-service transmission path at the RA Capacity Delivery Point.

In compliance with section 40.6 of the Tariff, Seller shall submit a bid into the CAISO Day Ahead Residual Unit Commitment ("RUC") Procedure at the RA Capacity Delivery Point of the Import RA Capacity for the amount of the Contract Quantity.

Seller shall have no further offer requirements in the CAISO Real Time Market or under the Hour Ahead Scheduling Procedure for the portion of the Contract Quantity that is not committed or self-scheduled in the IFM and not committed in RUC.

4. **Contract Quantity and Delivery Term** (full capacity of the System Resource) are as follows:

   Delivery Term:
   January 1, 2018 through December 31, 2018

   Contract Quantity:
   
   | MWM for January 1, 2018 through December 31, 2018, inclusive. |

   Intertie Resource ID: CALJ_MALIN500_I_F_STRAT1

5. **Contract Price:** Buyer shall pay the following Contract Price to Seller in accordance with the Master Agreement:

   Contract Price: $/kW-month

6. **CAISO Revenues:** Seller shall retain any and all revenues received from the CAISO in relation to this Confirmation.

7. **Indemnity Against Penalties and Replacement:** Seller agrees to indemnify Buyer for:

   a) any monetary penalties assessed by the CPUC and/or the CAISO against Buyer for Buyer’s failure to meet the requirements of the RA Rules or Tariff as a result of Seller not fulfilling any of its obligations under this Confirmation and to the extent Seller has not provided Buyer with sufficient notice to take action necessary to avoid such monetary penalties being assessed; and

   b) costs incurred, using reasonable efforts, by Buyer to replace, if required, any RA Capacity to bring the total volume back to Contract Quantity and Delivery Term specified in Section 4.

   Notwithstanding the foregoing, if approved by the CPUC and/or the CAISO, Seller may replace any Product necessary for Buyer to make its equivalent RA demonstration. For purposes of this Section 7, the term “Buyer” shall include any third party entity to which Buyer resells any of the Contract Quantity.
8. **Confidentiality:** Notwithstanding the Master Agreement, the Parties agree that Buyer may disclose the Import RA Capacity under this Confirmation to the CPUC, the CAISO or any other governmental body having jurisdiction in order to support its RAR showings, if applicable, and Seller may disclose the transfer of the Import RA Capacity under this Confirmation to the Scheduling Coordinator in order for such Scheduling Coordinator to timely submit accurate Supply Plans (as such terms are defined in the Tariff).

9. **Master Agreement Amendments:** For purposes of this Transaction only, the Master Agreement shall be amended as follows:

(a) Section 22.1 of the Master Agreement is modified by inserting the following new text at the end thereof:

"(f) the failure of the Defaulting Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party’s obligations to deliver or receive the quantities of capacity and/or energy due under this Agreement, the exclusive remedy for which is provided in Section 21.3) if such failure is not remedied within three (3) Business Days after written notice;

(g) the failure of the Defaulting Party to pay its debts generally as they become due or the Defaulting Party’s admission in a writing that is unable to generally pay its debts as they become due;

(h) the institution, by the Defaulting Party, of a general assignment for the benefit of its creditors; or

(i) the application for, consent to, or acquiescence to, by the Defaulting Party, the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets."

(b) Section 22.2(b) of the Master Agreement is amended by inserting in Section 22.2, "and is continuing" after "Event of Default occurs" in the first line thereof and deleting the second sentence therein.

(c) Section 22.3 of the Master Agreement is amended by:

1) In Section 22.3(b), replacing the second sentence thereof with "The "Present Value Rate" shall be determined by the Non-Defaulting Party in a commercially reasonable manner."

2) In Section 22.3(c), deleting the third sentence thereof and replacing it with the following: "If the Non-Defaulting Party’s aggregate Gains exceeds its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment for all such Terminated Transactions shall be zero, notwithstanding any provision in this Section in this Confirmation or Agreement to the contrary."
3) In Section 22.3 (d), replacing "this Agreement and any Confirmation" in the third line thereof with "any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party";

4) In Section 22.3(e), delete the entire provision (including subsections) and replace it with the following: "[intentionally omitted];"

5) In Section 22.3(f), delete the entire provision and replace with the following:

"If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, and provided that Defaulting Party has paid the undisputed part of the Termination Payment to the Non-Defaulting Party as provided under Section 22.3(c), and that any amounts disputed by the Defaulting Party are disputed in good faith, then the Defaulting Party may submit the calculation issue to Dispute Resolution pursuant to Section 34."

(d) Section 37 of the Master Agreement is amended by inserting the following in the beginning of the section: "On the date of entering into this Confirmation,".

(e) Section 24 of the Master Agreement is deleted and replaced with the following:

"This Master Agreement and any Confirmation shall be governed by and construed, enforced and performed in accordance with the laws of the State of California, without regard to principles of conflicts of law.

(f) The netting provisions of Section 28, NETTING, of the Master Agreement shall apply to the transaction covered by this Confirmation as if Buyer and Seller had both executed Exhibit A, NETTING, to the Master Agreement.

(g) Section 30.1 of the Master Agreement is amended by inserting "or requested" after the word "required" in Section 30.1(4) and by adding the following at the end of the first sentence: "; or (8) to the Party's and such Party's affiliates' lenders, counsel, accountants, advisors and agents who have a need to know such information and have agreed to keep such terms confidential".

(h) Subsections 34.1 and 34.2 of the Master Agreement are hereby deleted and replaced with the following:

"34.1 WAIVER OF JURY TRIAL

EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION, CLAIM OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER BASED IN CONTRACT, TORT OR ANY OTHER THEORY) AND HEREBY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN
INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAVERS AND CERTIFICATIONS IN THIS SECTION."

"34.2 EXCLUSIVE JURISDICTION"

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS LOCATED IN SAN FRANCISCO, CALIFORNIA, FOR ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY TRANSACTION, AND EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE TO SUCH JURISDICTION OR THE CONVENIENCE OF SUCH FORUM."

(i) The phrase "arbitration or" is hereby deleted from the first line of Section 34.4.

(j) The following shall be inserted as a new Section 34.5:

"34.5 LIMITATION OF DAMAGES. FOR BREACH OF ANY PROVISION OF THIS CONFIRMATION AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, THE EXPRESS REMEDY OR MEASURE OF DAMAGES PROVIDED IS THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT AND THE AGREEMENT FOR THE BREACH, LIABILITY FOR THE BREACH IS LIMITED AS SET FORTH IN THE PROVISION AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT FOR A PARTICULAR BREACH, LIABILITY FOR THE BREACH IS LIMITED TO DIRECT DAMAGES ONLY, THE DIRECT DAMAGES ARE THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT FOR THE BREACH, AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY IS LIABLE FOR ANY OTHER TYPE OF DAMAGE, INCLUDING INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES OF ANY NATURE (INCLUDING DAMAGES ASSOCIATED WITH LOST PROFITS, BUSINESS INTERRUPTION AND LOSS OF GOODWILL) ARISING AT ANY TIME, WHETHER IN TORT (INCLUDING THE SOLE OR CONTRIBUTORY NEGLIGENCE OF EITHER PARTY OR ANY RELATED PERSON), WARRANTY, STRICT LIABILITY, CONTRACT OR STATUTE, UNDER ANY INDEMNITY PROVISION, OR OTHERWISE."

(k) Section 41 "Witness" of the Master Agreement shall become Section 42 and the following "Standard of Review" Section substituted in its place:

"The Parties agree as follows:

For purposes of this Section, the term "Transaction" means a specific sale and purchase, or an option for sale and purchase, of capacity and/or energy to be supplied by one Party to the other Party. From the date of entering into a Transaction under this Master Agreement and throughout the term of such Transaction, the Parties each warrant and covenant as follows:

(i) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Master Agreement (including all Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein,

(ii) The Parties, for themselves and their successors and assigns, (i) agree that this "public interest" standard shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the Parties in connection with this Master Agreement and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard."

10. **No Recourse to Members:** Buyer is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) and is a public entity separate from its constituent members. Buyer will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Confirmation. Seller will have no rights and will not make any claims, take any actions or assert any remedies against any of Buyer’s constituent members, or the officers, directors, advisors, contractors, consultants or employees of Buyer or Buyer’s constituent members, in connection with this Confirmation.

11. **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.

12. **Entire Agreement, No Oral Agreements or Modifications:** This Confirmation sets forth the terms of the Transaction into which the Parties have entered into and, along with the Agreement, shall constitute the entire agreement between the Parties relating to the contemplated purchase and sale of the Product. Notwithstanding any other provision of the 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

Seller: Calpine Energy Services, L.P. 

By: ________________________________
Name: Andrew Novotny
Title: Vice President
Date: August 17, 2017

Buyer: Silicon Valley Clean Energy, a California joint powers authority

By: ________________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________
# TREASURER REPORT

**Fiscal Year to Date**
**As of July 31, 2017**

*(Preliminary & Unaudited)*

**Issue Date: September 13, 2017**

## Table of Contents

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<th>Page</th>
</tr>
</thead>
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<td>4</td>
</tr>
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<td>Statement of Net Position</td>
<td>5</td>
</tr>
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<td>Statement of Cash Flows</td>
<td>6-7</td>
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<td>Actuals to Budget Report</td>
<td>8-9</td>
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<td>10</td>
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<tr>
<td>Financing Report</td>
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</tr>
<tr>
<td>Customer Accounts</td>
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</tr>
<tr>
<td>Weather Statistics</td>
<td>14</td>
</tr>
<tr>
<td>Accounts Receivable Aging Report</td>
<td>15</td>
</tr>
</tbody>
</table>
Financial Highlights for the month of July 2017:

SVCE launched Phase 2 which includes the conversion of the remaining accounts in the service territory (residential).

> SVCE operations resulted in net gain for the month of $5.5 million, bringing the year-to-date to $13.3 million.
  - Energy Sales year-to-date are $45.1 million, slightly below budget based on lower than forecast MWh sales.
  - Focus on expense management results in a very strong positive year-to-date variance of O&M costs below budget.

> SVCE is currently in a stable cash position.

> Retail MWh sales were 3.1% less than budget year-to-date.
  - Retail sales for the month was 4% below budget but with July being a phase-in month, the variance is not unexpected.

> Residential load was approximately 32% with the remainder Commercial, Industrial, Street Lighting and Agriculture.

> Power Supply
  - Hourly CAISO prices are showing the effects of increased cooling demand, providing support to daytime prices despite solar production.
  - Partially offsetting Power Supply costs was $0.1 million gain from Congestion Revenue Rights
  - Power Supply costs are 12% below budget year-to-date.

> Financing - SVCE made no draws against the Lines of Credit in July.
  - During July, CAISO refunded to SVCE the $0.5 million deposit based on current financial performance.
  - Staff forecasts no further draws against lines of credit will be needed.

### Change in Net Assets ($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Total</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>(42)</td>
<td>(190)</td>
<td>(252)</td>
<td>(261)</td>
<td>(464)</td>
<td>(391)</td>
<td>69</td>
<td>5,114</td>
<td>4,227</td>
<td>5,472</td>
<td></td>
<td></td>
<td>13,281</td>
<td>30,207</td>
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</table>

### Power Supply Costs ($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Total</th>
<th>Budget</th>
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<tbody>
<tr>
<td>Energy &amp; REC's</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,202</td>
<td>11,146</td>
<td>10,467</td>
<td>13,172</td>
<td></td>
<td></td>
<td>40,987</td>
<td></td>
</tr>
<tr>
<td>Capacity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>95</td>
<td>247</td>
<td>356</td>
<td>863</td>
<td></td>
<td></td>
<td>1,561</td>
<td></td>
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<tr>
<td>CAISO Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>139</td>
<td>168</td>
<td>332</td>
<td>251</td>
<td></td>
<td></td>
<td>889</td>
<td></td>
</tr>
<tr>
<td>NEM credits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>54</td>
<td>72</td>
<td>56</td>
<td></td>
<td></td>
<td></td>
<td>182</td>
<td></td>
</tr>
<tr>
<td>Less: Credits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,292)</td>
<td>(5,244)</td>
<td>(4,475)</td>
<td>(2,365)</td>
<td></td>
<td></td>
<td>(15,376)</td>
<td></td>
</tr>
<tr>
<td>Net Power Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,144</td>
<td>6,370</td>
<td>6,752</td>
<td>11,978</td>
<td></td>
<td></td>
<td>28,244</td>
<td>66,671</td>
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</tbody>
</table>

### Other ($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Total</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditures</td>
<td>24</td>
<td>3</td>
<td>131</td>
<td>10</td>
<td>6</td>
<td>2</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>185</td>
<td>250</td>
</tr>
<tr>
<td>Energy Programs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>400</td>
</tr>
</tbody>
</table>

### Load Statistics - MWh ($ in 000's)

<table>
<thead>
<tr>
<th></th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Total</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales Actual</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>64,381</td>
<td>132,105</td>
<td>152,417</td>
<td>227,475</td>
<td></td>
<td></td>
<td>576,378</td>
<td></td>
</tr>
<tr>
<td>Retail Sales Budget</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70,835</td>
<td>139,852</td>
<td>147,248</td>
<td>236,688</td>
<td>311,145</td>
<td>330,922</td>
<td>1,236,689</td>
<td></td>
</tr>
</tbody>
</table>
Power Supply 89%
Personnel 3%
Professional 3%
Billing 2%
Marketing 2%
G & A 1%

Other Statistics and Ratios

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital</td>
<td>$12,701,157</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.4</td>
</tr>
<tr>
<td>Contribution Margin</td>
<td>$16,367,984</td>
</tr>
<tr>
<td>Opt-Out Accounts</td>
<td>4,276</td>
</tr>
<tr>
<td>Opt-Up Accounts</td>
<td>2,204</td>
</tr>
</tbody>
</table>
# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**October 1, 2016 through July 31, 2017**

## OPERATING REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Sales, Net</td>
<td>$45,058,663</td>
</tr>
<tr>
<td>GreenPrime electricity premium</td>
<td>136,348</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUES</strong></td>
<td><strong>45,195,011</strong></td>
</tr>
</tbody>
</table>

## OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Electricity</td>
<td>28,243,715</td>
</tr>
<tr>
<td>Staff Compensation and benefits</td>
<td>1,122,535</td>
</tr>
<tr>
<td>Data Manager</td>
<td>490,349</td>
</tr>
<tr>
<td>Service Fees - PG&amp;E</td>
<td>92,963</td>
</tr>
<tr>
<td>Consultants and Other Professional Fees</td>
<td>529,489</td>
</tr>
<tr>
<td>Legal</td>
<td>280,452</td>
</tr>
<tr>
<td>Communications &amp; Noticing</td>
<td>669,148</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>334,075</td>
</tr>
<tr>
<td>Depreciation</td>
<td>17,565</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td><strong>31,780,291</strong></td>
</tr>
</tbody>
</table>

**OPERATING INCOME(LOSS)**                        13,414,720

## NONOPERATING REVENUES (EXPENSES)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>1,078</td>
</tr>
<tr>
<td>Interest and related expenses</td>
<td>(61,159)</td>
</tr>
<tr>
<td>Financing costs</td>
<td>(73,218)</td>
</tr>
<tr>
<td><strong>TOTAL NONOPERATING EXPENSES</strong></td>
<td><strong>(133,299)</strong></td>
</tr>
</tbody>
</table>

## CHANGE IN NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position at beginning of period</td>
<td>(1,110,365)</td>
</tr>
<tr>
<td><strong>Net Position at end of period</strong></td>
<td><strong>$12,171,056</strong></td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>----------------</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$15,890,456</td>
</tr>
<tr>
<td>Accounts Receivable, net of allowance</td>
<td>8,716,344</td>
</tr>
<tr>
<td>Energy Settlements Receivable</td>
<td>476,723</td>
</tr>
<tr>
<td>Accrued Revenue</td>
<td>15,135,587</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>638,143</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>92,696</td>
</tr>
<tr>
<td>Restricted cash - lockbox</td>
<td>2,500,000</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>43,449,949</strong></td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net of depreciation</td>
<td>171,339</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><strong>2,199,899</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>45,649,848</strong></td>
</tr>
</tbody>
</table>

| LIABILITIES |                |          |
| Current Liabilities |                |          |
| Accounts Payable | 636,003 |          |
| Accrued Cost of Electricity | 25,141,707 |          |
| Accrued Interest Payable | 10,607 |          |
| Accrued Payroll & Benefits | 128,655 |          |
| Other Accrued Liabilities | 43,000 |          |
| User Taxes and Energy Surcharges due to other gov'ts | 388,820 |          |
| Notes Payable to Bank | 4,400,000 |          |
| **Total Current Liabilities** | **30,748,792** |          |
| Noncurrent Liabilities |                |          |
| Loans Payable to JPA members | 2,730,000 |          |
| **Total Noncurrent Liabilities** | **2,730,000** |          |
| **Total Liabilities** | **33,478,792** |          |

| NET POSITION |                |          |
| Net investment in capital assets | 171,339 |          |
| Unrestricted (deficit) | 11,999,717 |          |
| **Total Net Position** | **$12,171,056** |          |
SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS
October 1, 2016 through July 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES
Receipts from electricity sales $ 20,856,292
Tax and surcharge receipts from customers 512,165
Energy settlements received 13,743,854
Payments to purchase electricity (17,322,584)
Payments for staff compensation and benefits (1,011,977)
Payments for consultants and other professional services (787,620)
Payments for legal fees (289,916)
Payments for communication and noticing (633,281)
Payments for general and administrative (374,075)
Tax and surcharge payments to other governments (266,059)
Net cash provided (used) by operating activities 14,426,799

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES
Proceeds from bank notes 4,400,000
Proceeds from loans from JPA members 165,591
Payments of deposits and collateral (5,000,000)
Deposits and collateral returned 500,000
Interest and related expense payments (50,552)
Finance costs (73,218)
Net cash provided (used) by non-capital financing activities (58,179)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
Acquisition of capital assets (185,367)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
Interest income received 1,078

Net change in cash and cash equivalents 14,184,331
Cash and cash equivalents at beginning of year 1,706,125
Cash and cash equivalents at end of period $ 15,890,456
SILICON VALLEY CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (Continued)
October 1, 2016 through July 31, 2017

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating Income (loss) $13,414,720

Adjustments to reconcile operating income to net cash
provided (used) by operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation expense</td>
<td>17,565</td>
</tr>
<tr>
<td>Revenue reduced for uncollectible accounts</td>
<td>227,111</td>
</tr>
<tr>
<td>(Increase) decrease in net accounts receivable</td>
<td>(8,943,455)</td>
</tr>
<tr>
<td>(Increase) decrease in energy settlements receivable</td>
<td>(476,723)</td>
</tr>
<tr>
<td>(Increase) decrease in other receivables</td>
<td>(638,143)</td>
</tr>
<tr>
<td>(Increase) decrease in accrued revenue</td>
<td>(15,135,587)</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>(67,321)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>477,511</td>
</tr>
<tr>
<td>Increase (decrease) in accrued payroll &amp; benefits</td>
<td>118,166</td>
</tr>
<tr>
<td>Increase (decrease) in energy settlements payable</td>
<td>210,403</td>
</tr>
<tr>
<td>Increase (decrease) in accrued cost of electricity</td>
<td>24,931,304</td>
</tr>
<tr>
<td>Increase (decrease) in accrued liabilities</td>
<td>(97,572)</td>
</tr>
<tr>
<td>Increase (decrease) taxes and surcharges due to other governments</td>
<td>388,820</td>
</tr>
</tbody>
</table>

Net cash provided (used) by operating activities $14,426,799
## SILICON VALLEY CLEAN ENERGY
### BUDGETARY COMPARISON SCHEDULE
#### FISCAL YEAR TO DATE

<table>
<thead>
<tr>
<th>REVENUES &amp; OTHER SOURCES</th>
<th>FYTD Actual</th>
<th>FYTD Budget</th>
<th>Variance $</th>
<th>% Budget</th>
<th>FY 2016-17 Budget</th>
<th>% Budget Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Sales</td>
<td>45,058,663</td>
<td>49,364,535</td>
<td>(4,305,872)</td>
<td>-9%</td>
<td>103,303,000</td>
<td></td>
</tr>
<tr>
<td>Green Prime Premium</td>
<td>136,348</td>
<td>118,925</td>
<td>17,423</td>
<td>15%</td>
<td>247,000</td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,078</td>
<td>2,000</td>
<td>(922)</td>
<td>-46%</td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES &amp; OTHER SOURCES</strong></td>
<td><strong>45,196,089</strong></td>
<td><strong>49,485,460</strong></td>
<td>(4,289,371)</td>
<td>-9%</td>
<td><strong>103,566,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES &amp; OTHER USES</th>
<th>CURRENT EXPENDITURES</th>
<th>OTHER USES</th>
<th>DEBT SERVICE</th>
<th>Total Expenditures, Other Uses &amp; Debt Service</th>
<th>Net Increase(Decrease) in Available Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Supply</td>
<td>28,243,715</td>
<td>32,012,874</td>
<td>3,769,159</td>
<td>12% 66,671,000 42%</td>
<td>13% 72,778,000 44%</td>
</tr>
<tr>
<td>Data Management</td>
<td>490,349</td>
<td>492,036</td>
<td>1,687</td>
<td>0% 1,030,000 48%</td>
<td></td>
</tr>
<tr>
<td>PG&amp;E Fees</td>
<td>92,963</td>
<td>209,217</td>
<td>116,254</td>
<td>56% 430,000 22%</td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>1,122,535</td>
<td>1,552,000</td>
<td>429,465</td>
<td>28% 1,902,000 59%</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>809,941</td>
<td>1,441,667</td>
<td>631,726</td>
<td>44% 1,730,000 47%</td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Promotions</td>
<td>440,707</td>
<td>195,833</td>
<td>(244,874)</td>
<td>-125% 235,000 188%</td>
<td></td>
</tr>
<tr>
<td>Notifications</td>
<td>228,441</td>
<td>390,000</td>
<td>161,559</td>
<td>41% 410,000 56%</td>
<td></td>
</tr>
<tr>
<td>Office Lease</td>
<td>159,430</td>
<td>185,750</td>
<td>26,320</td>
<td>14% 245,000 65%</td>
<td></td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>174,645</td>
<td>104,167</td>
<td>(70,478)</td>
<td>-68% 125,000 140%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CURRENT EXPENDITURES</strong></td>
<td><strong>31,762,726</strong></td>
<td><strong>36,583,544</strong></td>
<td><strong>4,820,818</strong></td>
<td><strong>13% 72,778,000 44%</strong></td>
<td></td>
</tr>
<tr>
<td>Customer Programs</td>
<td>-</td>
<td>266,666</td>
<td>266,666</td>
<td>0% 400,000 0%</td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td>188,904</td>
<td>250,000</td>
<td>61,096</td>
<td>24% 250,000 76%</td>
<td></td>
</tr>
<tr>
<td>CPUC Deposit</td>
<td>100,000</td>
<td>100,000</td>
<td>-</td>
<td>0% 100,000 100%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OTHER USES</strong></td>
<td><strong>288,904</strong></td>
<td><strong>616,666</strong></td>
<td><strong>327,762</strong></td>
<td><strong>53% 750,000 39%</strong></td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td>73,218</td>
<td>77,000</td>
<td>3,782</td>
<td>5% 77,000 95%</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>61,159</td>
<td>64,000</td>
<td>2,841</td>
<td>4% 84,000 73%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL DEBT SERVICE</strong></td>
<td><strong>134,377</strong></td>
<td><strong>141,000</strong></td>
<td><strong>6,623</strong></td>
<td><strong>5% 161,000 83%</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Total Expenditures, Other Uses & Debt Service**
32,186,007 37,341,210 5,155,203 14% 73,689,000 44%

**Net Increase(Decrease) in Available Fund Balance**
$13,010,082 $12,144,250 $865,832 7% $29,877,000
SILICON VALLEY CLEAN ENERGY AUTHORITY

BUDGET RECONCILIATION TO STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Net Increase (decrease) in available fund balance per budgetary comparison schedule $ 13,010,082

Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtract depreciation expense</td>
<td>(17,565)</td>
</tr>
<tr>
<td>Add back capital asset acquisitions</td>
<td>188,904</td>
</tr>
<tr>
<td>Add back collateral deposits</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td><strong>13,281,421</strong></td>
</tr>
</tbody>
</table>
### SILICON VALLEY CLEAN ENERGY AUTHORITY

#### STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

October 1, 2016 through July 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity sales, net</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>$3,590,587</td>
<td>$11,950,163</td>
<td>$11,496,728</td>
<td>$18,021,184</td>
</tr>
<tr>
<td>Green electricity premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40,298</td>
<td>47,461</td>
<td>48,590</td>
<td>136,349</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$3,590,587</td>
<td>$11,990,461</td>
<td>$11,544,189</td>
<td>$18,069,774</td>
</tr>
</tbody>
</table>

|                  | Cost of electricity | -    | -    | -    | -    | -    | -    | $3,144,030 | $6,370,292  | $6,751,773  | $11,977,621 | $28,243,716 |
|                  | Staff compensation and benefits | 21,312 | 20,014 | 64,175 | 111,207 | 120,565 | 163,943 | 143,130 | 171,190 | 168,949 | 138,050 | 1,122,535 |
|                  | Data manager | -    | -    | -    | -    | -    | -    | 75,000 | 75,000 | 75,000 | 75,000 | 265,349 | 490,349 |
|                  | Service fees - PG&E | -    | -    | -    | -    | 920  | 1,840 | -     | 36,138 | 23,572 | 30,493 | 92,963 |
|                  | Consultants and other professional fees | 10,390 | 109,598 | 54,286 | 59,881 | 46,797 | 69,341 | 46,862 | 51,088 | 37,933 | 43,314 | 529,490 |
|                  | Communications and noticing | 6,990 | 17,857 | -    | 48,304 | 135,705 | 73,751 | 63,254 | 72,431 | 220,097 | 30,761 | 669,150 |
|                  | Depreciation | -    | 281  | 356  | 1,946 | 2,223 | 2,394 | 2,455 | 2,617 | 2,617 | 2,676 | 17,565 |
| **Total operating expenses** | -        | -       | -       | -       | -       | -     | -     | 41,759 | 189,990 | 175,373 | 259,028 | 383,256 | 3,513,154 | 6,866,877 | 7,311,510 | 12,587,733 | 31,760,295 |
| **Operating income (loss)** | -        | -       | -       | -       | -       | -     | -     | (41,759) | (169,990) | (175,373) | (259,028) | (383,256) | 77,433  | 5,123,584 | 4,232,679 | 5,482,041 | 13,414,716 |

|                  | INTEREST AND RELATED EXPENSE | -    | -    | -    | (2,368) | (11,952) | (7,840) | (9,013) | (9,736) | (9,642) | (10,607) | (61,158) |
|                  | FINANCING COSTS | -    | -    | (77,000) | -    | -    | -    | -     | 3,782 | -     | (73,218) |
| **Total nonoperating revenues (expenses)** | -        | -       | -       | (77,000) | (2,368) | (11,952) | (7,840) | (8,785) | (9,480) | (5,481) | (10,392) | (133,298) |

|                  | $         | $       | $       | $       | $       | $       | $       | $       | $       | $       | $       | $       |
| **CHANGE IN NET POSITION** | $41,759  | $189,990 | $259,028 | $451,615 | $383,256 | $3,513,154 | $6,866,877 | $7,311,510 | $12,587,733 | $31,760,295 | $13,414,716 | $1,078  | $256    | $379    | $215    | $68,648 | $5,114,104 | $4,227,198 | $5,471,649 | $13,281,418 |
## PERSONNEL REPORT

### HEADCOUNT

<table>
<thead>
<tr>
<th>Position</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Account Representative I / II</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Account Services Manager</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Administrative Analyst</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Board Clerk/Executive Assistant</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Community Outreach Manager</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Community Outreach Specialist</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Director of Administration &amp; Finance</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Director of Marketing &amp; Public Affairs</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Director of Power Resources</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Finance Manager</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>General Counsel &amp; Director of Government Affairs</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Power Contracts &amp; Compliance Specialist</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Power Resource Planning &amp; Programs Analyst</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Regulatory/Legislative Analyst</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19</strong></td>
<td><strong>14</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

### CONTINGENT POSITIONS

<table>
<thead>
<tr>
<th>Position</th>
<th>Hours</th>
<th>FY2016-17 Budget</th>
<th>FY2016-17 Actual</th>
<th>% YTD Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interns / Part-Time</td>
<td></td>
<td>4,300</td>
<td>1,072</td>
<td>25%</td>
</tr>
</tbody>
</table>
FINANCING REPORT

NON-REVOLVING LINE OF CREDIT

<table>
<thead>
<tr>
<th>Month</th>
<th>Draws</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec</td>
<td>$0.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>Jan</td>
<td>$0.00</td>
<td>$1.50</td>
</tr>
<tr>
<td>Feb</td>
<td>$0.00</td>
<td>$1.00</td>
</tr>
<tr>
<td>Mar</td>
<td>$0.00</td>
<td>$0.50</td>
</tr>
<tr>
<td>Apr</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>May</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>June</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>July</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

REVOLVING LINE OF CREDIT

<table>
<thead>
<tr>
<th>Month</th>
<th>Draws</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec</td>
<td>$0</td>
<td>$20</td>
</tr>
<tr>
<td>Jan</td>
<td>$0</td>
<td>$15</td>
</tr>
<tr>
<td>Feb</td>
<td>$0</td>
<td>$10</td>
</tr>
<tr>
<td>Mar</td>
<td>$0</td>
<td>$5</td>
</tr>
<tr>
<td>Apr</td>
<td>$2</td>
<td>$0</td>
</tr>
<tr>
<td>May</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>June</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

Interest Rates of Lines of Credit

<table>
<thead>
<tr>
<th>Month</th>
<th>1 Month LIBOR</th>
<th>NRLOC</th>
<th>RLOC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan</td>
<td>0.50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td>1.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar</td>
<td>1.50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apr</td>
<td>2.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>2.50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>3.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>3.50%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WEATHER STATISTICS

COOLING DEGREE DAYS

Actual 15 Year Average

HEATING DEGREE DAYS

Actual 15 Year Average
<table>
<thead>
<tr>
<th>Accounts Receivable</th>
<th>Total</th>
<th>0-30</th>
<th>31-60</th>
<th>61-90</th>
<th>Over 90</th>
<th>Over 120</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>$8,374,457</td>
<td>$9,191,403</td>
<td>$183,054</td>
<td>31470.69</td>
<td>$3.43</td>
<td>$0.00</td>
</tr>
<tr>
<td>Period %</td>
<td>100%</td>
<td>98.0%</td>
<td>2.0%</td>
<td>0.3%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
Staff Report – Item 1f

To: Silicon Valley Clean Energy Board of Directors
From: Donald Eckert, Interim CEO

**Item 1f:** Approve Budget Transfer Policy

Date: 9/13/2017

**RECOMMENDATION**
Approve Financial Policy #14, Budget Transfer Policy, providing guidelines for the transferring of funds.

**BACKGROUND**
During the fiscal year, the actual cost of operations may vary from the amounts budgeted for those purposes. SVCE requires a budget transfer policy to provide guidelines for the transfer of funds within and between expense categories during the year.

**ATTACHMENTS**
1. FP14 – Budget Transfer Policy
BUDGET TRANSFER POLICY

PURPOSE
SVCE’s budget establishes operating and capital expenditure limits and corresponding revenue projections for each fiscal year. During the year, the actual cost of operations may vary from the amounts budgeted for those purposes. This policy sets forth parameters for the transfer of funds within and between expense categories during the year.

PARAMETERS FOR TRANSFERRING OF FUNDS

1. Funds may not be transferred between the operating and the programs budget.

2. Amounts budgeted in any expense category may be used to cover any expense within that category.

3. No more than 15% of the amount budgeted in any expense category may be transferred to another expense category.

4. Upon prior approval by the Chief Executive Officer, amounts budgeted for salaries in excess of salary requirements may be used to offset temporary help expenses.

5. Budget transfers of $10,000 or more will require approval by the Chief Executive Officer. Transfers less than $10,000 require approval by the Director of Administration and Finance.
Staff Report – Item 3

To: Silicon Valley Clean Energy Board of Directors

From: Don Eckert, Interim CEO

Item 3: CEO Report

Date: 9/13/2017

REPORT

SVCEA New Hires
Sarah Jo Manson joined us on August 21st as a Community Outreach Specialist. Prior to joining SVCE, Sarah Jo was most recently Center Manager at Stanford’s Precourt Energy Efficiency Center after serving as Special Projects Manager on Stanford’s ARPA-E funded Sensor Technology and Behavior Change Initiative. Sarah Jo received a B.A. in Biology from Colorado College, and an M.S. focused on grid decarbonization from Stanford’s Civil & Environmental Engineering Department.

Alex Solomon joined us on September 5th as a Power Resource Analyst. Alex has over 10 years of experience in power supply markets, and holds an MBA from the University of Richmond in Virginia.

We have two new Climate Corps Bay Area Fellows who are part of our outreach team for the next 10 months. Kelly Hoogland graduated June 2017 from UC Santa Cruz with a combined major in economics and environmental studies.

Victoria Yu graduated from UC Davis in August 2015 with a Bachelor’s in Community and Regional Development with a minor in economics and GIS. Victoria had been working for a commercial real estate firm prior to entering in the Climate Corps Bay Area Fellowship program.

CEO Recruitment Update
The CEO recruitment closed on Friday, September 8th with 26 applications. The consultant is in process of reviewing the applications and the committee will be scheduling a meeting to review the candidates and select those to continue in the process.

Long-Term Power Supply
As discussed at last month’s Board Meeting, Silicon Valley Clean Energy is planning on issuing a Request for Offers (RFO) for long-term power supply. SVCE staff have been in discussions with Monterey Bay Community Power (MBCP) staff to issue a Joint RFO. The benefit for SVCE of a Joint RFO is it will allow bids from developers of larger projects, thus, leading to preferable terms due to economies of scale. Eventually, contracts will be separate, with similar business terms.

SVCE’s goal in pursuing some long-term power supply at this time is to satisfy the requirements of SB 350. SB 350 will require load serving entities to meet a minimum of 65% of their renewable portfolio obligation through contracts of 10 years or longer by 2021. This amounts to 20+% of total SVCE load. To
ensure that power supply developers can deliver by 2021, SVCE needs to engage with potential developers very soon.

Staff intends to issue the RFO in mid-September.

**Policy Direction Workshop**
At the request of the Risk Management Oversight Committee, SVCE will be sponsoring a workshop on October 9th at 6pm at the Sunnyvale Recreation Center. The meeting is open to the public. The workshop will provide discussion on power resource mix and product offerings.

**Deposit with ZGLOBAL**
SVCE deposited $2M at the end of August with ZGLOBAL in anticipation of CAISO requesting a deposit. The CAISO requires each market participant to post collateral commensurate with unpaid dollars owed to the CAISO for the past week's billing cycle plus a projection of costs over the next 10-30 days. With the rollout of Phase 2 customers, SVCE is now purchasing more energy from the CAISO than it provides to the CAISO from its electricity suppliers. That results in a net dollar owed to the CAISO. The heat wave in the first week of September produced nearly record amounts of energy consumption across California and increased prices. The result was that SVCE's net energy purchase from the CAISO increased along with the cost of that energy. The collateral required to cover that and a new projection of costs going forward increased proportionately.

**CalCCA Annual Meeting**
On Tuesday, October 3rd at the Riverside Convention Center, CalCCA is hosting its annual Board meeting with an emphasis on education for emerging CCA's.

If any Board Members are interested in attending, please contact Eric Acedo for travel details.

**CEO Agreements Executed**
The following agreements have been executed by the CEO, consistent with the authority delegated by the Board:

2. MIG, Inc.: Agreement for Outreach and Community Engagement Services, $20,000.
3. AMS Ventures, Inc. dba Nichols Research: Agreement for Marketing Strategy Services, $24,000.
5. Tenaska Power Services Co.: Agreements to Acquire Resource Adequacy Capacity

**ATTACHMENTS**
1. Regulatory/Legislative Update, August/September 2017
2. Community Outreach Update, August/September 2017
3. Long-Term Power Supply: Joint RFO Presentation
4. Agenda Planning Document, October 2017 – March 2018
### Regulatory Update

<table>
<thead>
<tr>
<th>PCIA and Portfolio Allocation Methodology (PAM) (A. 17-04-018)</th>
<th><strong>Recall:</strong> On July 10th, the California Public Utilities Commission (CPUC) released an Order Instituting Rulemaking (OIR) “to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.” The OIR dismisses the investor owned utilities’ (IOUs’) PAM application, and opens a new proceeding to consider reforms to the PCIA more broadly.</th>
</tr>
</thead>
<tbody>
<tr>
<td>and</td>
<td>On August 31st, a prehearing conference was held to discuss the scope and schedule for the proceeding. CalCCA proposed a schedule that runs through March 2019 and covers both changes to the PCIA methodology and development of new rules governing prudent IOU procurement and portfolio management to minimize avoidable above-market costs. The IOUs proposed a much shorter timeline that would conclude by June 2018. CalCCA’s proposed schedule and data access requests were supported by multiple other stakeholders and the administrative law judge (ALJ) seemed to view them favorably.</td>
</tr>
<tr>
<td>PCIA Reform Rulemaking (R. 17-06-026)</td>
<td>On June 13th, CalCCA filed a Petition for Modification requesting that CCAs be allowed access to confidential IOU contract data needed for PCIA forecasting and evaluation. This petition had not been addressed as of the prehearing conference on August 31st, so issues of data access are now expected to be dealt with within the PCIA rulemaking.</td>
</tr>
<tr>
<td></td>
<td>The next step will be the issuance of a Scoping Memo, which will detail the ALJ’s decisions about scope and schedule based on the prehearing conference discussion.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Integrated Resource Planning (R. 16-02-007)</th>
<th>The CPUC is scheduled to release the Proposed Reference System Plan on September 13th. The Reference System Plan is a statewide optimization that the CPUC will use as a benchmark for what the Integrated Resource Plans (IRPs) of all the individual load-serving entities (LSEs) should achieve in aggregate when they are implemented. It will also include proposed rules for development and filing of LSE Integrated Resource Plans (IRPs).</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Parties will have the opportunity to comment and suggest modifications during the fall, and the final version of the Reference System Plan will be adopted at the end of 2017. The first CCA IRPs are expected to be due in the second quarter of 2018.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CCA Rulemaking (R. 03-10-003)</th>
<th>Recall: On July 7th, SVCE and other CCAs filed testimony through CalCCA proposing an updated methodology for calculating the Financial Security Requirement (FSR, aka bond) that new CCAs must pay as insurance against failure and dissolution. In contrast to the IOUs’ argument for including an estimated cost of emergency procurement for involuntarily returning customers, CalCCA proposes that the FSR should cover only the administrative costs of re-incorporation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On August 25th, CalCCA filed rebuttal testimony refuting the IOUs’ assertions that CCAs are prone to sudden financial collapse that would return their customers to the IOUs en masse overnight. The testimony also addressed technical errors in the IOUs proposed methodology for estimating emergency procurement costs.</td>
</tr>
<tr>
<td></td>
<td>Evidentiary hearings in this proceeding will be held in mid-October. (Evidentiary hearings are used for “findings of fact,” ie to disentangle situations where the nature of an event or object key to the proceeding [e.g. the likelihood of CCA financial failure] is in dispute. They usually involve cross-examination of the witnesses who submitted testimony.)</td>
</tr>
</tbody>
</table>
| **Diablo Canyon Closure**  
(A. 16-08-006) | ➢ **Recall:** In June 2016, PG&E announced its intention to retire its Diablo Canyon nuclear facility when the licenses on the facility’s two reactors expire in 2024 and 2025. PG&E subsequently submitted an application to the CPUC requesting permission to procure replacement energy for the Diablo facility and pass the costs on to ratepayers. After PG&E retracted part of its application due to strong criticism, evidentiary hearings were held in April on the remaining tranche 1, which covers energy efficiency and requests pre-approved cost recovery of about $1.3 billion from ratepayers. Joint opposition parties, including SVCE and other CCAs, participated in the hearings and have filed an opening brief opposing adoption of tranche 1. On June 16th, the Joint Opponents (including SVCE) filed a reply brief responding to the arguments put forth in other parties’ opening briefs.  
➢ A Proposed Decision on whether to adopt tranche 1 of PG&E’s replacement energy procurement proposal is expected early this fall. |
| **AB 1110 Implementation** | ➢ **Recall:** AB 1110 (Ting, Chapter 656, Statutes of 2016) was passed in 2016 for the purpose of augmenting the information available to electricity consumers in the annually-distributed Power Content Label (PCL). AB 1110 requires that starting in 2020, in addition to displaying power mix the PCL will include the greenhouse gas emissions intensity (in lbs CO₂e/MWh) of each LSE’s portfolio (or, if it offers multiple electricity products, of each individual product). AB 1110 also directs the California Energy Commission (CEC) to develop guidelines on how to treat unbundled RECs when calculating the power mix and GHG intensity metrics. On June 27th, the CEC released its proposed implementation plan for AB 1110. The proposal contains several provisions that could threaten SVCE’s claim of being carbon-free. Most importantly, the CEC proposes that for the purposes of calculating carbon intensity, PCC2 (aka “bucket 2”) RECs would have the emissions profile of the substitute energy that firms and shapes the energy product (usually gas) rather than that of the zero-carbon resource that generates the RECs. Secondly, PCC3 (unbundled) RECs would be reported in a footnote but not included in power mix or GHG intensity calculations. MWh for which SVCE has purchased unbundled RECs would thus no longer be carbon-free.  
➢ Outreach continues with the CEC commissioners to try to reverse these provisions. CEC staff have indicated that they are making changes to the proposal, so an updated version is expected this fall. |
| **Tree Mortality NBC**  
(A. 16-11-005) | ➢ **Recall:** In 2016, an emergency proclamation by Governor Brown and a bill passed by the legislature (SB 692) separately ordered the IOUs to procure extra energy from biomass in order to dispose of trees killed by the drought. SB 692 explicitly authorizes the IOUs to recover the above-market cost of this procurement through a new non-bypassable charge (NBC), but Governor Brown’s proclamation does not. The IOUs would like to combine the procurement costs of these two mandates and recover both through a single new NBC. On July 14th, CalCCA submitted a Motion challenging a pre-hearing conference ruling in which the Administrative Law Judge (ALJ) erroneously determined the IOUs’ proposed combined NBC to be legal and acceptable.  
➢ We are currently awaiting a CPUC response to CalCCA’s Motion, followed by a Scoping Memo clarify the scope and schedule for the rest of the proceeding. |
| **Transportation Electrification**  
(R. 13-11-007) | ➢ **Recall:** On June 16th, SVCE filed an opening brief as part of the joint CCA parties that highlights the need for IOUs to coordinate with CCAs in areas where they are implementing their Priority Review Projects (PRPs, aka proposed transportation electrification pilot projects). This was followed by a reply brief on July 10th.  
➢ A Proposed Decision on the approval or rejection of the IOUs’ PRPs is expected in September. |
| **Low Carbon Fuel Standard** | ➢ On September 6th, SVCE submitted comments to the Air Resources Board proposing changes to the Low Carbon Fuel Standard that would allow CCAs to earn LCFS credits for electric vehicles adopted in their service territories. SVCE is also a member of a coalition called the Smart EV Charging Group, which submitted comments proposing that CCAs earn LCFS credits for having lower-carbon electricity portfolios than the IOU that would otherwise be serving their customers. |
As of this writing (August 9th), we are in the last week of the legislative session and bills are in an hour-by-hour state of flux. Over the past week, CCA supporters have turned back a proposed CCA freeze idea and are currently working to stop AB 813 and a harmful potential amendment to SB 100. To avoid spending time on outdated information, a live update will be given at the Board meeting. Thank you to all of you who have made calls to legislators and otherwise helped us in these fights.
1. **Events and Presentations**

Staff continued to attend community events, and hosted senior center presentations throughout the SVCE service area in August and early-September.

Completed and Upcoming Events and Meetings:

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Event Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug. 9</td>
<td>5:30 – 8:30 PM</td>
<td>Downtown Summer Music Series - tabling</td>
<td>Murphy Ave., Sunnyvale</td>
</tr>
<tr>
<td>Aug. 15</td>
<td>1 – 2 PM</td>
<td>Mountain View Senior Center - presentation</td>
<td>266 Escuela Avenue, Mountain View</td>
</tr>
<tr>
<td>Aug. 15</td>
<td>6 – 8 PM</td>
<td>BayREN, Energy Upgrade Workshop</td>
<td>Joan Pisani Community &amp; Senior Center, Saratoga</td>
</tr>
<tr>
<td>Aug. 18</td>
<td>10 -11 AM</td>
<td>Campbell Adult Center - presentation</td>
<td>1 W Campbell Ave. #C33, Campbell</td>
</tr>
<tr>
<td>Aug. 18</td>
<td>7 – 9 PM</td>
<td>Fifth Street Live – tabling</td>
<td>5th Street, Gilroy</td>
</tr>
<tr>
<td>Aug. 19</td>
<td>9 AM – 1 PM</td>
<td>Morgan Hill Farmers Market – tabling</td>
<td>Depot St., Morgan Hill</td>
</tr>
<tr>
<td>Aug. 20</td>
<td>12 – 4 PM</td>
<td>Los Altos Downtown Green, Energy Day - tabling</td>
<td>Downtown Los Altos</td>
</tr>
<tr>
<td>Aug. 23</td>
<td>11:15 AM – 12:15 PM</td>
<td>Morgan Hill Senior Center - presentation</td>
<td>Morgan Hill Older Adult Services 171 W Edmundson Avenue, Morgan Hill</td>
</tr>
<tr>
<td>Aug. 29</td>
<td>9:30 – 10:30 AM</td>
<td>Gilroy Senior Center - presentation</td>
<td>7371 Hanna Street, Gilroy</td>
</tr>
<tr>
<td>Sept. 6</td>
<td>1 – 2 PM</td>
<td>Sunnyvale Senior Center - presentation</td>
<td>550 E Remington Drive, Sunnyvale</td>
</tr>
<tr>
<td>Sept. 7</td>
<td>1 – 2 PM</td>
<td>Cupertino Senior Center - presentation</td>
<td>21251 Stevens Creek Blvd. Cupertino</td>
</tr>
<tr>
<td>Sept. 8</td>
<td>2 – 3 PM</td>
<td>Los Altos Hills Senior Center - presentation</td>
<td>26379 Fremont Road, Los Altos Hills</td>
</tr>
<tr>
<td>Sept. 10</td>
<td>9 AM – 1 PM</td>
<td>Campbell Farmer’s Market</td>
<td>Campbell Ave. &amp; Central Ave, Campbell</td>
</tr>
<tr>
<td>Sept. 16</td>
<td>10 AM - 4 PM</td>
<td>National Drive Electric Week EV Rally</td>
<td>De Anza College, Parking Lot B, Cupertino</td>
</tr>
</tbody>
</table>

2. **Business Outreach**

**Chamber Outreach**
- SVCE was mentioned in a new member announcement in the Mountain View Chamber of Commerce newsletter

**Corporate Campus Presentations**
- Staff is presenting and tabling at the Lockheed Go Green Faire on Sept. 21
Commercial Customer Engagement
- Ongoing meetings/communications with selected opt-out customers
- Developed and published SVCE Peak Day Pricing Transition Program
- Analysis of Demand Response needs and options with large commercial customer

3. Enrollment Notifications, Upgrade and Opt Out Update

The post-enrollment Opt Out period for Phase 2 customers concludes at the end of September.

Post-enrollment notices for the October solar customer enrollment will be sent in the first week of October.

Below is the number of GreenPrime Upgrades and Opt Outs as of Sept. 7, as well as the total opt out percentage in overall accounts, and opt out percentage by load.

<table>
<thead>
<tr>
<th></th>
<th>Upgrade</th>
<th>Opt Out</th>
<th>Opt Out by Account Type</th>
<th>Total Opt Out, All Accounts</th>
<th>Opt Out Percentage by Load</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>773</td>
<td>4,779</td>
<td>2.14%</td>
<td>2.12%</td>
<td>2%</td>
</tr>
<tr>
<td>Commercial</td>
<td>1504</td>
<td>476</td>
<td>1.91%</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

4. Green-e Energy Certification

As of Sept. 1, the renewable energy provided to SVCE GreenPrime customers will be Green-e Energy certified. Green-e Energy certifies renewable energy that meets the highest standards in North America: it must be generated from new facilities, marketed with complete transparency and accuracy, and delivered to the purchaser, who has sole title. Green-e verifies the entire chain of custody of certified renewable energy from generation to retirement to ensure individuals and businesses are getting exactly what they paid for.

Staff received inquiries from commercial customers about the desire for Green-e Energy certification for GreenPrime. Green-e certified energy provides additional LEED points, as well as providing a trusted, third-party certification of the product. Staff will issue a press release, as well as send information about the new certification to all existing GreenPrime customers.

5. Medical Baseline Customer Outreach

Staff is preparing to send a letter to all Medical Baseline customers, approx. 5,500, to inform them of the ~30% discount available with this program as an SVCE customer. The discount is a result of Medical Baseline customers not having to pay the Power Charge Indifference Adjustment. Staff recognized that the Opt Out rate for Medical Baseline customers is more than twice the rate for all residential accounts. Staff is working with member agency staff to send the letter jointly to residents in each respective jurisdiction.
6. Media

Press releases:

- Understanding Your Energy Statement, published 7-28-2017
- Do Your Thing for the Sun During the August 21 Solar Eclipse, published 8-11-2017
- SV Clean Energy Director of Administration and Finance to Serve as Interim CEO, published 8-28-2017

News:

- GreenTown set to host ‘electric’ event, Los Altos Town Crier – Aug. 16, 2017
- Pleasanton Residents Urged to Ask Council to Join Energy Group, The Independent – Sept. 7, 2017
Carbon Free Energy with Storage

2017 JOINT REQUEST FOR OFFERS

September 15, 2017
Joint RFO Overview

In April 2017, Silicon Valley Clean Energy (SVCE) began providing the twelve communities in Santa Clara County with renewable and carbon free electricity. In Spring 2018, Monterey Bay Community Power (MBCP) will begin providing the 19 jurisdictions throughout Monterey, San Benito and Santa Cruz Counties with clean-sourced power.

The goal of this Joint RFO is for SVCE and MBCP to each enter into one or more long-term Power Purchase and Sale Agreements (PPAs) to secure up to 700 GWh per year of energy, combined, from Carbon Free* generation facilities. For Solar PV generating facilities to bid into this RFO, the offer must contain an Energy Storage System.

*Carbon Free means any energy source, except for nuclear-powered generation assets, that is considered by the State of California to have zero Greenhouse Gas emissions in accordance with the Cap and Trade Regulations, AND generation facility must meet the California Energy Commission’s definition as a Category 1 Eligible Renewable Resource (PCC1 ERR).
Joint RFO Process

The RFO will consist of the following phases:

• **RFO Issued / Question & Answer:** SVCE & MBCP issues Joint RFO. Participants may submit questions concerning the RFO at SVCEenergyprocurement@svcleanenergy.org and/or participate in the web conference on September 28, 2017. Answers to questions will be posted to SVCE’s and MBCP’s RFO webpages.

• **Offers Due:** Participant’s Offer(s) must be submitted by the October 13, 2017 5:00 PM PPT deadline and include the required documents described below.

• **Offer Review:** SVCE & MBCP will evaluate all Offers according to criteria listed on slide 6. During this phase, SVCE & MBCP will identify submitted Offers for short-listing, seek approval from SVCE’s and MBCP’s Board of Directors to move short-listed Offers to the negotiation phase, and then notify short-listed Participants.

  Offers may be selected for short-listing by either SVCE or MBCP, depending on offered contract quantity. If the contract quantity from a single offer, given size of generating facility, exceeds the needs of either SVCE or MBCP individually, then SVCE and MBCP may select this offer together for short-listing, with subsequent joint negotiations to produce two separate, but identical, PPAs that Seller would execute with each entity.

• **Negotiations and Execution:** SVCE & MBCP will negotiate PPAs with short-listed participants with the intention of executing PPA(s). SVCE & MBCP may execute PPAs with selected participants at any time during the negotiation phase or may choose to execute none at all.
## Joint RFO Schedule

<table>
<thead>
<tr>
<th>DATE</th>
<th>EVENT</th>
</tr>
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<tbody>
<tr>
<td>September 15, 2017</td>
<td>Issuance Notice of RFO</td>
</tr>
<tr>
<td>September 28, 2017</td>
<td>Bidders Web Conference</td>
</tr>
<tr>
<td>October 13, 2017</td>
<td>Deadline to submit Offer(s)</td>
</tr>
<tr>
<td>Second half of October 2017</td>
<td>Review Offers, short-list identification, Board Approval, Short-listed Participant Notification</td>
</tr>
<tr>
<td>7 days after notification</td>
<td>Offer deposits due from short-listed bidders</td>
</tr>
<tr>
<td>November through Late December 2017</td>
<td>Negotiations and Execution of PPA(s)</td>
</tr>
</tbody>
</table>
**Products to Buy**

**Product:** Carbon Free* Energy with Energy Storage and all attributes: energy, capacity, energy storage services, and ancillary services.

*Carbon Free means any energy source, except for nuclear-powered generation assets, that is considered by the State of California to have zero Greenhouse Gas emissions in accordance with the Cap and Trade Regulations, AND generation facility must meet the California Energy Commission’s definition as a Category 1 Eligible Renewable Resource (PCC1 ERR).

**Offer terms:**

- **Facilities:**
  - Existing or New Construction Carbon Free generating facility,
  - Existing or New Construction Energy Storage System for at least 30% of Carbon Free generating facility capacity.

- **Delivery Point:** Point of Interconnection (POI)

- **Pricing Structure (Offered Prices should be flat across the Delivery Term):**
  - **Option 1**
    - Carbon Free generating facility: All-in Price ($/MWh) for Energy + REC (Renewable Energy Credit) + RA (Resource Adequacy)
    - Energy Storage facility: Fixed Pricing ($/kW-year) plus optional variable component.
  - **Option 2**
    - All-in Price ($/MWh) for Energy + REC (Renewable Energy Credit) + RA (Resource Adequacy) + Energy Storage Services

- **Delivery Term:** 10 years, 15 years, or 20 years.

- **Contract Quantity per Offer:** Minimum of 50 GWh per year, up to a maximum of 700 GWh per year

- **Scheduling Coordinator:** Buyer (or Buyer’s Third-Party SC)

- **Delivery Term Start Date:** On or before January 2020

If the technology of the Carbon Free generating facility is Solar PV, then Offer is REQUIRED to contain an Existing or New Construction Energy Storage System.
Evaluation of Offers

• Evaluation will be based on combination of Quantitative and Qualitative criteria
  • Quantitative Evaluation criteria
    • Contract benefit is evaluated based on market forward prices, various quantity scenarios, the value of capacity, and the value of energy storage. Contract cost is calculated as expected energy generation profile with and without energy storage times offered prices.
  • Qualitative Evaluation criteria
    • Project Viability
      • Project Status regarding Permits, Site Control, and Equipment
      • Technology Viability
      • Participant Experience
    • Modifications to Form Agreement
    • Project location, i.e. proximity to SVCE service territory

SVCE & MBCP will evaluate each Offer against these criteria and select a subset of Offers to move to the negotiation phase.

Offers may be selected for short-listing by either SVCE or MBCP, depending on offered contract quantity, after applying evaluation criteria above. If the contract quantity from a single offer, given size of generating facility, exceeds the needs of either SVCE or MBCP individually, then SVCE and MBCP may select this offer together for short-listing, followed by joint negotiations to produce two separate, but identical, PPAs that Seller would execute with each entity.
Credit Requirements

• Offer Deposit of: $3/kW upon Short-listing
• Following PPA execution:
  • Project Development Security of $60/kW
• Upon Commercial Operation:
  • Delivery Term Security:

<table>
<thead>
<tr>
<th>Term</th>
<th>10 years</th>
<th>15 years</th>
<th>20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months Revenue</td>
<td>6</td>
<td>9</td>
<td>12</td>
</tr>
</tbody>
</table>

• Offer Deposit and Project Development Security – cash or Letter of Credit
• Delivery Term Security – cash, Letter of Credit, or acceptable guaranty

While participants can propose modifications to the collateral requirements as part of their mark-up of the Form Agreement, reaching agreement on any changes during the negotiation phase is a requirement for proceeding to execution.
Offer Submittal

➢ Offers must be received on or before October 13, 2017 5:00pm PPT.

➢ Participants may submit multiple Offers, limited to 8 unique Offers.

➢ Only electronic copies will be accepted and must be submitted to mailbox: SVCEenergyprocurement@svcleanenergy.org

Note—This is the only email address to use for submission of offers. That is, you do NOT need to submit the same offer to SVCE and then to MBCP. Both parties will receive the offers.
Required information due by
October 13, 2017 5:00 pm PPT

1) A completed Joint RFO Offer Form
2) A redline mark-up of the PPA Form Agreement
3) A document (MS Word format) which describes the following;
   - Project Description (includes, but is not limited to):
     - Technology and equipment type
     - Environmental issues and permit status
   - Site Control
   - Milestone Schedule
   - Transmission/Interconnection Status
   - Experience and Qualifications
Short-listed Offer Required Documents

Within 7 business days of receipt of being notified that your Offer has been selected (short-listed) to move to the negotiation phase of this Joint RFO, the following items or documents are due:

1) Receipt by SVCE or MBCP of the required Offer Deposit
2) An executed Confidentiality Agreement
3) A completed Credit and Finance Information Form
Communications and Website

All RFO documents are available on SVCE’s website at:

www.svcleanenergy.org/energyprocurement

All announcements, updates and Q&As will also be posted on the website.

All Communications should be directed to:

SVCEenergyprocurement@svcleanenergy.org
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<tr>
<th></th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
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<tr>
<td>MILESTONES</td>
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<tr>
<td>NEM Q3 Enrollment</td>
<td>October 11, 2017</td>
<td>November 8, 2017</td>
<td>December 13, 2017</td>
<td>January 10, 2018</td>
<td>February 14, 2018</td>
<td>March 14, 2018</td>
</tr>
<tr>
<td>ADMINISTRATION, POLICIES</td>
<td></td>
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<td></td>
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<tr>
<td>Marketshare (over opt-out)</td>
<td></td>
<td>Approve 2018 Electric Rates</td>
<td>Fiscal Year-End Review</td>
<td>Approve Updates to 2018 Electric Rates</td>
<td>Community Power Purchase Program</td>
<td></td>
</tr>
<tr>
<td>Potential November Board Meeting Date Change</td>
<td></td>
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<tr>
<td>STAFFING</td>
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<td>CONTRACTS</td>
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<tr>
<td>PCC2 Energy Contract for 2017-18</td>
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</table>
To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

Item 4: Approve FY 2017-18 Operating Budget

Date: 9/13/2017

RECOMMENDATION
Approve Silicon Valley Clean Energy (SVCE) FY 2017-18 Operating Budget.

BACKGROUND
The FY 2017-18 Recommended Operating Budget is being provided for Board consideration and approval. The Recommended Operating Budget is consistent with the projections from the Proposed Budget presented at the August 9, 2017 SVCE Board meeting, but includes updated information. The major changes include a decrease in Energy Sales revenues of $0.7 million and an increase in Power Supply expenses of $0.3 million based on recent activity resulting in $1.0 million decrease in projected surplus.

ANALYSIS & DISCUSSION
The FY 2017-18 Recommended Operating Budget features the first full year of operations for SVCE as the Agency transforms from start-up to operational state. The Operating Budget is balanced and projects SVCE in stable financial condition. The projected net margin is $39.9 million or $10.0 million higher than the FY 2016-17 Mid-Year Budget.

Revenues
Revenues are projected at $239.7 million, nearly all of which are derived from the sale of energy.
- Energy Sales are projected at $239.0 million, $14.2 million lower than forecasted in May 2017. This is due to an expected increase of 16% in January 2018 of the Power Cost Indifference Adjustment (PCIA) and the expected lowering of Pacific Gas & Electric (PG&E) generation rates based on PG&E’s Energy Resource Recovery filing in June. The budget assumes SVCE will continue to maintain rates at 1% below PG&E.
- Opt-out assumptions are based on historical activity.
- GreenPrime revenues are projected at $0.4 million based on 2% of total customer accounts partaking.
- Investment Income is projected at $0.2 million.

Expenses
Operating expenses are projected at $199.8 million comprised primarily of power supply costs, data management and billing services. Approximately 7% of expenses are for activities not directly related to power supply or customer billing.
- Power Supply costs are projected at $181.4 million, of which the majority of our supply needs are under contract as required by the Risk Management Policy.
- Data Management and Billing Services costs are projected at $4.3 million. These costs are fixed price per customer account.
- Employment expenses are projected at $4.2 million. Included is a 3% across-the-board wage increase. The addition of two new positions include:
Agenda Item: 4

- Associate Regulatory Analyst to support the Agency’s role in the regulatory arena.
- Administrative Analyst to support human resource functions as staff count has grown.

- Professional Services costs are projected at $1.3 million. Funding to support power supply, risk management, scheduling coordination, regulatory issues, accounting and the annual financial audit are included.
- Marketing and Public Affairs costs are projected at $0.3 million to support community engagement.
- Notification costs are projected at $0.1 million with the driver being the required annual joint mailer effort with PG&E.
- Lease costs are primarily for SVCE’s current facility.
- General and Administrative costs includes the removal of compensation to Board Members for attending certain meetings.

Programs
The Programs budget is projected at $4.8 million or 2% of energy sales. Specific projects will be presented to the Board throughout the year.

Capital
There are no major capital investments expected in the fiscal year.

Debt Service
The Debt Service budget includes the expectation of retiring the $2.7 million Member Agency loan resulting in SVCE being debt free by the end of the fiscal year.

ATTACHMENTS
1. FY 2017-18 Recommended Budget
2. FY 2017-18 Recommended Budget (Book)
### SILICON VALLEY CLEAN ENERGY

**FY 2017-18 RECOMMENDED BUDGET**

($ in thousands)

<table>
<thead>
<tr>
<th>Line</th>
<th>DESCRIPTION</th>
<th>FY 2016-17 AMENDED BUDGET</th>
<th>FY 2017-18 RECOMMENDED BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Energy Sales</td>
<td>103,303</td>
<td>239,015</td>
</tr>
<tr>
<td>2</td>
<td>Green Prime Premium</td>
<td>247</td>
<td>443</td>
</tr>
<tr>
<td>3</td>
<td>Investment Income</td>
<td>16</td>
<td>200</td>
</tr>
<tr>
<td>4</td>
<td>TOTAL REVENUES</td>
<td><strong>$103,566</strong></td>
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<td>Programs Overview</td>
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SVCE’S MISSION

Mission Statement

Reduce dependence on fossil fuels by providing carbon free, affordable and reliable electricity and innovative programs for the SVCE community.

Organization Goals

Goal 1: Build a high-performing team with 90% employee engagement and less than 10% employee turnover per year

Goal 2: Maintain competitive rates to acquire and retain customers

Goal 3: Achieve 50% customer awareness by 2019

Goal 4: Achieve 95% customer satisfaction by 2020

Goal 5: Work with the community to achieve energy and transportation GHG reductions of 30% from the 2015 baseline, by 2021

Goal 6: Achieve an A or higher credit rating by 2020

Goal 7: Target rates at 1-3%, or more, below the surrounding investor owned utility

Goal 8: Engage regulators and legislators to promote least-cost carbon neutrality while maintaining electric grid reliability

Goal 9: Annually, acquire sufficient renewable type 1 resources (PCC1) to meet 100% of the state's annual mandates for renewable resources regardless of the allowance that the state makes for type 2 or type 3 renewables

Goal 10: Acquire sufficient carbon free credits to ensure that SVCE's demand will be sourced from 100% carbon free resources

Goal 11: SVCE's Information Technology infrastructure must be secure, reliable, and disaster resilient to provide 24/7/365 online access
August 31, 2017

CHIEF EXECUTIVE OFFICER’S MESSAGE:

I am pleased to present the Silicon Valley Clean Energy (SVCE) Fiscal Year 2017-18 Recommended Budget. This balanced budget features SVCE’s first full year of operations, which includes providing carbon free energy and maintaining rates at 1% below PG&E’s rates, creating $3.4 million of savings for our customers and funding energy-related programs.

The FY 2017-18 Recommended Budget is comprised of an Operating Budget that totals $239.7 million in revenues offset by $199.8 million in expenses. The budget was developed on the basis of 231,000 customer accounts, 3.6 million MWh’s of energy sales, and 21 Full Time Employees.

Major highlights of the FY 2017-18 Operating Budget include:

• Net margin of $39.9 million which will be transferred to operating reserves that will enhance credit and provide purchasing power on future power supply and be applied towards stabilization of rates if needed.
• The payback of the $2.7 million loan from our member agencies resulting in the agency being debt free.
• $4.8 million allocated to energy-related programs including demand management programs for reducing peak demand, electrification programs such as electric vehicle incentives and foundational programs such as greenhouse gas accounting.
While SVCE is currently in stable financial condition, there are risks and challenges that can impact the Agency in the short and long term:

• **PCIA** - The Power Cost Indifference Adjustment (PCIA) charge is an exit fee assessed by PG&E to cover generation costs acquired prior to a customer’s change in service provider. This fee has increased annually and is expected to increase by 16% in 2018, impacting SVCE’s margin by $10 million.

• **Economic Cycles** – Approximately two-thirds of energy sales are derived from the commercial and industrial sector. SVCE could be disproportionately impacted by changes in the economy.

• **Regulatory** – Uncertainty in regulatory decisions by the California Public Utilities Commission (CPUC) that could adversely affect the costs that customers have to pay to take service from SVCE, such as exit fees paid by customers and bonding requirements.

The FY 2017-18 Recommended Budget supports the Agency’s mission statement to “reduce dependence on fossil fuels by providing carbon free, affordable and reliable electricity and innovative programs for the SVCE community.” The foundation of the FY 2017-18 Recommended Budget is the Agency’s Strategic Plan.

I am confident that SVCE has the ability to focus on its strengths and work through the many challenges. Continued success will only be achieved through collaboration, creativity, and commitment.

Sincerely,

[Signature]

Tom Habashi  
Chief Executive Officer
BOARD OF DIRECTORS

The Agency is governed by a Board of Directors comprised of representatives from each of the participating communities. The regular director must be from the governing body of each community. The alternate is appointed by the respective governing body, but can be a member of the body itself, city staff or the public. The Board of Directors meetings are held once a month.
2017 BOARD OF DIRECTORS

Chair
Rob Rennie
Los Gatos

Alternate
Marico Sayoc
Los Gatos

Vice Chair
Daniel Harney
Gilroy

Alternate
Peter Leroe-Munoz
Gilroy

Director
Liz Gibbons
Campbell

Alternate
Rich Waterman
Campbell

Director
Rod Sinks
Cupertino

Alternate
Darcy Paul
Cupertino

Director
Jeannie Bruins
Los Altos

Alternate
Jean Mordo
Los Altos

Director
Courtney Corrigan
Los Altos Hills

Alternate
Steve Schmidt
Los Altos Hills
### 2017 BOARD OF DIRECTORS

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<td>Morgan Hill</td>
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<td>Margaret Abe-Koga</td>
<td>John McAlister</td>
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<td>Mountain View</td>
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<tr>
<td>Howard Miller</td>
<td>Emily Lo</td>
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<td>Saratoga</td>
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<td>Cindy Chavez</td>
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<td>Representing</td>
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<td>Director Sinks</td>
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FY 2017-2018

Operating Budget
# BUDGET SUMMARY

## SILICON VALLEY CLEAN ENERGY

**FY 2017-18 RECOMMENDED BUDGET**

($ in thousands)

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<th>DESCRIPTION</th>
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<th>FY 2017-18 RECOMMENDED BUDGET</th>
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<td>Green Prime Premium</td>
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<td>$28,886</td>
<td>$68,776</td>
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</table>
REVENUES of $239.7 Million

- Energy Sales: 99.7%
- Other: 0.3%
Revenue Assumptions:

- Energy sales are budgeted at $239.0 million.
  - Revenues are based on approximately 231,000 accounts and 3.6 million MWh’s in energy sales.
  - Rates remain at 1% below PG&E rates.
  - PCIA is expected to increase by 16% in January 2018, resulting in $10 million reduction in operating revenues.
  - PG&E is also expected to lower generation rates in 2018 by 1.5%.
  - SVCE is committed to remain 1% below PG&E rates. This results in another $4 million reduction in revenues in FY 2017-18.

- Other revenue is budgeted at $0.6 million.
  - Includes $0.4 million for the premium of serving GreenPrime customers.
  - Assumption is based on 2% customer participation.
  - Investment income of $0.2 million based on conservative returns of reserves.
Expenses of $199.8 Million

- Power Supply: 90.8%
- Personnel: 2.1%
- Acct Fees: 2.2%
- Prof. Svcs.: 0.7%
- G & A: 0.3%
- Marktg: 0.2%
- Capital: 0.0%
- Debt Service: 1.4%
- Programs: 2.4%
Expense Assumptions:

- Power Supply is budgeted at $181.4 million.
  - Most of the Power Supply is under contract and in compliance with the Risk Management Policy.
  - Power Supply includes energy, capacity and charges by California Independent System Operator (CAISO) to related to grid maintenance and reliability.

- Account Fees is budgeted at $4.3 million.
  - $3.1 million for Data Management Fees based on fixed price per meter per month.
  - $1.2 million for PG&E Fees based for billing services.

- Personnel is budgeted at $4.2 million
  - Includes a 3% across-the-board wage increase.
  - New employees - Associate Regulatory Analyst and Administrative Analyst
  - Reclassification of Regulatory Analyst to Manager of Regulatory Affairs.

- Professional Services is budgeted at $1.3 million.
  - Includes consultant fees for Scheduling Coordination, Power Supply, Accounting and Auditing Services, IT and HR Support.

- Programs budget of $4.8 million based on 2% of energy sales.

- Debt Service budget of $2.8 million.
  - Includes paying the principal back to our member agencies.

- Marketing and Public Affairs budget of $0.4 million
  - Includes required annual notifications

- General & Administrative budget of $0.5 million
  - Includes rent for SVCE’s facility.
## Reserves Assumptions:

Assumes all net margin is injected into Operating Reserves

Min = 25% of Annual Operating Expenses  
Max = 75% of Annual Operating Expenses  
Target = 50% of Annual Operating Expenses
## SILICON VALLEY CLEAN ENERGY AUTHORITY
### FINANCIAL PLAN FOR FISCAL YEARS 2017/18 THROUGH 2022/23

### ($ in thousands)

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### Expenses

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<tr>
<td>13</td>
<td>PG&amp;E Fees</td>
<td>430.0</td>
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<td>1,235.0</td>
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<td>0.5%</td>
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<tr>
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<td>Employment Expenses</td>
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<tr>
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<tr>
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<td>Professional Services</td>
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<td>% of Revenues</td>
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<tr>
<td>19</td>
<td>Marketing &amp; Promotions</td>
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<td>304.0</td>
<td>313.0</td>
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</tr>
<tr>
<td>21</td>
<td>Notifications</td>
<td>410.0</td>
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<tr>
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<td>0.0%</td>
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</tr>
<tr>
<td>23</td>
<td>Lease</td>
<td>245.0</td>
<td>315.0</td>
<td>324.0</td>
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<tr>
<td>24</td>
<td>% of Revenues</td>
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<td>0.2%</td>
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<td>0.2%</td>
</tr>
<tr>
<td>25</td>
<td>General &amp; Administrative</td>
<td>125.0</td>
<td>251.0</td>
<td>259.0</td>
<td>266.0</td>
<td>274.0</td>
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<tr>
<td>27</td>
<td>Energy Programs</td>
<td>400.0</td>
<td>4,780.0</td>
<td>4,567.0</td>
<td>4,540.0</td>
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<tr>
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<td>% of Revenues</td>
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<tr>
<td>29</td>
<td>Debt Service</td>
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<tr>
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</tr>
<tr>
<td>31</td>
<td>Capital</td>
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</tr>
<tr>
<td>32</td>
<td>% of Revenues</td>
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<td>0.0%</td>
<td>0.0%</td>
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</tr>
<tr>
<td>33</td>
<td>Other Cash Outflows</td>
<td>100.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>34</td>
<td>% of Revenues</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>35</td>
<td>TOTAL EXPENSES</td>
<td>$73,689</td>
<td>$199,767</td>
<td>$194,077</td>
<td>$202,391</td>
<td>$207,625</td>
<td>$215,211</td>
<td>$223,173</td>
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<tr>
<td>36</td>
<td>% of Revenues</td>
<td>71.2%</td>
<td>83.4%</td>
<td>84.8%</td>
<td>88.9%</td>
<td>90.8%</td>
<td>93.6%</td>
<td>96.6%</td>
</tr>
<tr>
<td>37</td>
<td>FUND BALANCE SURPLUS/(DEFICIT)</td>
<td>$29,877</td>
<td>$39,890</td>
<td>$34,905</td>
<td>$25,239</td>
<td>$21,125</td>
<td>$14,627</td>
<td>$7,739</td>
</tr>
</tbody>
</table>
The Strategic Plan served as a guide for the budget. The chart shows how funds were allocated to support SVCE’s mission statement.
OTHER STATISTICS

~231,000 CUSTOMER ACCOUNTS
- Residential: 89.8%
- Commercial & Industrial: 9.8%
- Agr/Street Lighting: 0.4%

~3.6 Million MWh's of Sales
- Residential: 34.7%
- Commercial & Industrial: 63.7%
- Agr/Street Lighting: 1.6%
Between December 2015 and March 2016, the Santa Clara County Board of Supervisors and Councils in eleven local communities voted to establish and fund Silicon Valley Clean Energy (SVCE), a new community-owned agency. SVCE launched a Community Choice Energy (CCE) program for residents and businesses across the following jurisdictions:

To govern the Agency’s activities, the County and each participating city have appointed an elected representative and an alternate to serve on SVCE’s Board of Directors.

Community Choice Energy (CCE) is an opportunity to change the electricity market and provide residents and businesses with a new choice. A CCE functions as a new electricity provider, and is locally operated and administered. The agency buys power on the open market, encouraging the kind of competition that can result in more carbon free energy sources contributing to the energy grid at lower rates. California state policy allows local governments to form a CCE to pool electricity demand within and across their communities.
The CCE agency then competitively purchases clean energy on behalf of participating residents and businesses. Under CCE, PG&E continues to provide essential services as a partner, delivering the electricity over existing infrastructure, maintaining the power lines, sending bills, and providing customer service.

Operational CCEs are completely funded through program (ratepayer) revenues, and are not subsidized by taxpayer dollars. Compared to PG&E, CCEs have certain cost advantages in that they are small and agile public agencies, with low overhead costs and no shareholder dividend or income tax requirements.

When a community decides to create or join a CCE, all customers within that jurisdiction are automatically enrolled in the CCE. However, any customer can choose to opt-out and to remain with their investor-owned utility (PG&E in Santa Clara County) for both power resources and delivery. State law requires that customers receive several notifications to opt out at no charge, both before and just after a CCE program launches.
With SVCE, residents and businesses can choose from the following energy options:

**GreenStart**
- Automatic Enrollment – no need to do anything
- Carbon free electricity, sourced from wind, solar, and hydro
- Savings of 1% compared to PG&E’s generation rates

**GreenPrime**
- Optional service upgrade at any time
- 100% renewable, sourced from wind and solar
- Premium of less than 1 cent per kilowatt-hour

**Opt Out**
- Opt out and remain with PG&E bundled service

**Net Energy Metering**
- Automatic enrollment; Net surplus generation at full retail cost
TIMELINE

March 2016  >>  Silicon Valley Clean Energy becomes effective

April 2016  >>  Board of Directors sworn in and initial budget approved

May 2016   >>  Tom Habashi is hired as Chief Executive Officer

April 2017 >>  Phase 1 enrollment

June 2017  >>  Strategic Plain is approved

July 2017  >>  Phase 2 enrollment
As part of Silicon Valley Clean Energy’s mission to reduce dependency on fossil fuels, innovative programs are one of the essential steps towards reaching SVCE’s goals. Implemented programs will have varying degrees of greenhouse gas reduction potential and many factors are taken into consideration when designing programs such as cost, time-to-value, grid performance, community engagement, and market transformation. The programs that SVCE implements will fall under one of these three categories: electrification, demand management, or foundational.

**Electrification** programs will focus on fuel switching from fossil fuels to clean electricity, and reducing carbon emissions from segments other than electricity production, such as transportation and gas heating.

**Demand management** programs will help our customers use clean electricity when availability is the highest and prices are lowest, and reduce the need to use fossil fuels to support steep daily production ramps in the late afternoon and early evening hours.

**Foundational** programs represent ongoing programs that SVCE’s customer care team will provide to advance clean electricity use and carbon reduction in our member communities, as well as education and awareness for all customers.
To: Silicon Valley Clean Energy Board of Directors

From: Donald Eckert, Interim CEO

Item 5: Approve Formation of Customer Program Advisory Group

Date: 9/13/2017

RECOMMENDATION
Approve the formation of a Customer Program Advisory Group with the purpose of providing recommendations to Staff and the Board of Directors of program investments.

BACKGROUND
Staff presented criteria and goals of various program alternatives at the August 9, 2017 SVCE Board of Directors meeting. An outcome of that discussion was for Staff to consider processes for acquiring additional stakeholder involvement in the analysis, development and recommendation of program goals and investments.

ANALYSIS & DISCUSSION
Staff has communicated with other Community Choice Energy (CCE) agencies and has considered the various existing customer/community advisory groups structures and charters in developing a recommended approach.

General Structure
- Group will be initially-formed as an Ad-Hoc Committee
- Stakeholders are invited to apply and participants will be selected by the CEO or appointed by the Board
- Participating in the Advisory Group will be on a volunteer basis
- The recommended structure will include 15+ participants and include all customer classes and mirror the demographics of the service territory
  - Residential Customers
    - Community and neighborhood groups
    - Qualified individuals with expertise in related fields
  - Commercial, Industrial, and Agricultural Customers
  - Trade Associations
    - Chamber of Commerce
    - Building, engineering, architectural, design, and developer community
    - Transportation and planning community
- Meetings will occur at least once a month or as needed
- Staff will continue to work with Member Agencies for input and gather information through various community workshops and focus groups

Recruitment
Staff will publicly advertise the opportunity to partake in the Advisory Group. Staff will also work with Member Agencies and other key stakeholder groups to identify and recruit qualified and interested participants.
desired, the Board of Directors may participate in interviewing and appointing members of the Advisory Group.

Timeline
Once the Advisory Group is formed, it is expected to sunset in six months.
- September/October 2017 – Develop outline, recruit applicants and select facilitator
- November 2017 – Interview and select applicants
- December 2017/January 2018 – Kick-off meeting to define charter
- June 2018 – Report to the Board of Directors the recommendations from the Advisory Group

FISCAL IMPACT
Professional Services costs associated with the use of a meeting facilitator and rental fees for the use of building facilities.