



Board of Directors Meeting

Wednesday, April 17, 2024

6:00 pm

In Person

The Lake Merritt Room
Cal State East Bay - the Oakland Center
In the Transpacific Centre
1000 Broadway, Suite 109
Oakland, CA 94607

Or from the following remote locations:

- Member Bartlett – Wells Fargo Building - 2140 Shattuck Avenue, Floor 6, Berkeley, CA 94704
- Member Kaur – Clipper Club - 5 Captain Dr. Emeryville, CA 94608
- Member Hu – Dublin City Hall - 100 Civic Plaza, Dublin, CA 94568
- Member Cox – Conference Room - Irvington Community Center 41885 Blacow Rd. Fremont, CA 94538
- Member Bedolla – 1755 Harvest Landing Lane, Tracy, CA 95376
- Member Patino – Hyatt Regency Sacramento (Lobby), 1209 L St, Sacramento, CA 95814
- CAC Chair Hernandez – 1743 140th Avenue, San Leandro CA 94578

Via Zoom:

<https://ebce-org.zoom.us/j/87023071843>

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Webinar ID: 870 2307 1843

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 906-0491 or cob@avaenergy.org.

If you have anything that you wish to be distributed to the Board of Directors, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. Welcome & Roll Call

2. Pledge of Allegiance

3. Public Comment

This item is reserved for persons wishing to address the Board on any Ava Community Energy-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker and must complete an electronic speaker slip. The Board Chair may increase or decrease the time allotted to each speaker.

4. Closed Session Public Comment

5. Closed Session

- A. Public Employee Appointment pursuant to Code § 54957(b)(1)): Chief Executive Officer.

6. General Report Out of Closed Session

CONSENT AGENDA

7. Approval of Minutes from March 20, 2024

8. Contracts Entered into (Informational Item)

9. Alpaugh RA Agreement Amendment

Amendment to update the COD Date

10. Low Carbon Fuel Standard Credit Broker Contract

New CSA with LCFS Broker

11. Treasurer's Report

Report on Ava's Cash Position

12. Adapt2 Contract Extension

New CSA with current Deal Capture & Contract Management Software provider over \$100,000

REGULAR AGENDA

13. CEO Report

14. CAC Chair Report

15. Investment Policy (Action Item)

Approve the proposed investment policy for treasury management

16. Income Graduated Fixed Charge (Informational Item)

Informational briefing on the Income Graduated Fixed Charge

- 17. Ava Solar Billing Plan (Action Item)**
Vote on Ava's Solar Billing Plan proposal
- 18. Solar and Storage Incentive Program (Informational Item)**
Plan for forecasted 2023-2024 surplus revenue previously allocated via Board Resolution toward solar and storage programs
- 19. Direct Current Fast Charging Marketing Partner Contract (Action Item)**
New contract over \$100k for development and execution of DCFC Awareness and Demand Generating Campaigns
- 20. Health-e Communities Contract (Action Item)**
New contract over \$100k for direct installation of induction stoves for first 200 homes in pilot
- 21. Cedar 1 Long-Term Contract Approval (Action Item)**
Approval of long-term solar+storage offtake agreement with Cedar 1.
- 22. PG&E Nuclear Allocation (Informational Item)**
Informational item on 2025-2030 PG&E Nuclear allocation
- 23. Update of CEO Search Process (Action Item)**
Approve job description and provide direction on recruitment process
- 24. Board Member and Staff Announcements including requests to place items on future Board agendas**
- 25. Adjourn**

The next Board of Directors meeting will be held on Wednesday, May 15, 2024 at 6:00 pm.

The Lake Merritt Room
Cal State East Bay - the Oakland Center
In the Transpacific Centre
1000 Broadway, Suite 109
Oakland, CA 94607



Draft Minutes
Board of Directors Meeting

Wednesday, March 20, 2024
6:00 pm

In Person

The Lake Merritt Room
Cal State East Bay - the Oakland Center
In the Transpacific Centre
1000 Broadway, Suite 109
Oakland, CA 94607

Or from the following remote locations:

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- Member Hu – Dublin City Hall - 100 Civic Plaza, Dublin, CA 94568
- Member Cox – Conference Room - Irvington Community Center 41885 Blacow Rd. Fremont, CA 94538
- Member Diallo – Lobby – Los Angeles Marriott Burbank Airport Hotel – 2500 North Hollywood Way Burbank, California, USA, 91505
- Member Wright – Stockton City Hall 425 N. El Dorado St. Stockton, CA 95202
- Member Bedolla – 1755 Harvest Landing Lane, Tracy, CA 95376
- Member Patino – Los Angeles Marriott Burbank Airport – Lobby 2500 N Hollywood Way, Burbank, CA 91505

Via Zoom:

<https://ebce-org.zoom.us/j/87023071843>

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Webinar ID: 870 2307 1843

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If you have anything that you wish to be distributed to the Board of Directors, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. Welcome & Roll Call

Present: Directors: Marquez (Alameda County), Kaur (Emeryville), Cox (Fremont), Roche (Hayward), Diallo (Lathrop), Barrientos (Livermore), Jorgens (Newark), Andersen (Piedmont), Gonzalez (San Leandro), Wright (Stockton), Bedolla (Tracy), CAC Chair Hernandez (Community Advisory Committee), Vice-Chair Tiedemann (Albany) and Chair Balch (Pleasanton)

Not Present: Directors: Bartlett (Berkeley), Hu (Dublin), Kalb (Oakland) and Patino (Union City).

2. Pledge of Allegiance

Chair Balch led the body in reciting the Pledge of Allegiance.

3. Public Comment

This item is reserved for persons wishing to address the Board on any Ava Community Energy-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker and must complete an electronic speaker slip. The Board Chair may increase or decrease the time allotted to each speaker.

(5:12) Public Comment – Jessica Tovar from the East Bay Clean Power Alliance spoke in favor of allocating \$15 million of Ava Community Energy's surplus funds towards building a resilience hub program. She stated that community-based organizations across Ava's service area are at various stages of readiness for resilience projects, and that Ava should think outside of the box to provide resources for these organizations.

4. Closed Session Public Comment

There was no public comment for the closed session.

5. (7:31) Closed Session

- A. Public Employee Appointment pursuant to Code § 54957(b)(1)): Chief Executive Officer.

6. (58:22) General Report Out of Closed Session

There were no items to report out of Closed Session.

CONSENT AGENDA

7. Approval of Minutes from February 21, 2024

8. Contracts Entered into (Informational Item)

9. Ascend Analytics SaaS First Amendment

First amendment for Ascend Analytics SaaS agreement for additional NTE

10. Tulare Solar Center, LLC, Amendment

Contract Amendment for Tulare Solar Center (aka Luciana) Solar project

11. Consulting Services Agreement with PA Consulting Group, Inc.

Approve a Resolution authorizing the CEO to negotiate and execute a CSA with PA Consulting Group, Inc. to provide market entry analysis and support services to Ava Direct-Current Fast Charging (DCFC) program.

12. CAC Appointments

Appointment of new CAC Members and Alternates

B

13. Legislative Update

Informational update on the state bills Ava has been tracking this year

14. 2023 Supplier Diversity Report Overview

Overview of 2023 Supplier Diversity Report to the CPUC

15. Accounts Receivable Recovery Policy Amendment

Update and amend the current Accounts Receivable Recovery Policy

16. Write Off Policy

Approve a policy to write off uncollectible aged accounts.

17. Default Product Change Policy Update

Updates to the policy

18. Credit Rating Affirmation

S&P Global re-affirms Ava's credit rating as "A-Stable"

(59:28) Public Comment – Jessica Tovar spoke in favor of creating a more transparent and inclusive process for Community Advisory Committee (CAC) appointments. Ms. Tovar stated that CAC members should participate in promoting and selecting new CAC members, and she advocated for the creation of a pool of applicants who would be available to fill future openings on the CAC committee.

(1:01:51) CAC Chair Hernandez recommended allowing CAC involvement in member selection and spoke in favor of providing stipends for CAC alternates. Additionally, Chair Hernandez relayed the CAC's unanimous support for the staff recommendation for the default product change policy. CAC Chair Hernandez also spoke in support of AB 817 (Pacheco) which would allow for remote attendance for advisory bodies, such as the CAC, without the need to disclose remote locations on the agenda.

(1:04:43) Public Comment – Cynthia Landry expressed concern about the significant utility tax increase proposed by AB 205, which, she noted, would be the highest in the country, and would affect seniors, people with disabilities, and working to middle-class Californians. Cynthia Landry spoke for support of AB 1999 (Irvin), which would cap this increase.

(1:07:54) Member Gonzalez motioned to approve the consent agenda. Member Marquez seconded the motion, which was approved 13/0/0/0/4:
Yes: Members Marquez, Kaur, Cox, Roche, Diallo, Barrientos, Jorgens, Andersen, Gonzalez, Wright, Bedolla, Vice-Chair Tiedemann and Chair Balch
No: none
Abstain: none
Recuse: none
Not Present: Members Bartlett, Hu, Kalb and Patino

REGULAR AGENDA

19. (1:09:17) CEO Report CEO Chaset provided updates on recent activities and developments within Ava Community Energy. Highlights included discussions from:

- A.** the March 7th Executive Committee meeting, including:
 - i.** customer enrollment timing for Stockton and Lathrop,
 - ii.** updates on the default rate product change policy, and
 - iii.** discussions on resilience hubs and solar storage incentives.
 - iv.** The next executive meeting scheduled for April 3, 2024.
- B.** The finance, administration, and procurement subcommittee meeting on March 13 focused on:
 - i.** updates related to the budget timeline,
 - ii.** credit rating affirmation,
 - iii.** policies on accounts receivable recovery and write-offs,
 - iv.** renewable surplus allocation,
 - v.** GASB 62 methodology, treasury manager selection, and
 - vi.** investment policy,
 - vii.** The next FAP subcommittee meeting is scheduled for May 8, 2024.

Additionally, CEO Chaset welcomed two new colleagues: **Janelle Fiore** as the Salesforce and IT lead, and **John Perkins** for transactional legal work and risk management, both of whom join Ava from Salesforce.

20. (1:13:01) CAC Chair Report – CAC Chair Hernandez highlighted feedback from the Community Advisory Committee's discussion about resilience hubs, including:

- A.** the need for Ava to collaborate with multiple Community Based Organizations (CBOs) to provide resilience hubs across Ava's large service territory,
- B.** the need for Ava to provide technical assistance for CBOs, and
- C.** pairing incentive programs with resilience hubs – for example, by providing information about incentive programs in the resilience hubs.

21. (1:15:57) Load Management Standards (LMS) Compliance Plan (Action Item)
Compliance item for the CEC's Load Management Standards

Todd Edmister detailed Ava's plan to comply with the California Energy Commission's (CEC) updated load management standards, which mandate providing customers with hourly changing electricity rates. He discussed Ava's strategy to meet these requirements by participating in various PG&E dynamic rate pilots.

(1:26:48) Member Gonzalez expressed concern about the risks associated with dynamic pricing and the potential for extremely high costs to consumers. **CEO Chaset** clarified that Ava's plan aims to comply with the California Energy Commission's mandates through limited, opt-in pilots focused on specific customer segments like electric vehicle owners. CEO Chaset also stated that Ava's approach is intended to minimize risk to residents and is structured to understand the practical challenges of real-time rates without broadly implementing them across all customer classes.

(1:36:21) Following the recommendation from the March 18, 2024 CAC meeting, **CAC Chair Hernandez** suggested delaying the decision on the Load Management Standards Compliance Plan to allow more time for review.

(1:45:42) Public Comment – Jim Lutz expressed concern that Ava Community Energy's report on dynamic rates references older studies from Lawrence Berkeley National Lab (LBNL) and suggested consulting with LBNL for their extensive research and expertise in dynamic rates and related technologies.

(1:487:48) Public Comment – Cynthia Landry spoke about the need for public education and workshops to inform customers about the potential risks and impacts of dynamic pricing.

(1:51:18) Member Roche motioned to approve the staff recommendation. Member Gonzalez seconded the motion which was approved 11/0/0/5.

Yes: Members Marquez, Kaur, Cox, Roche, Barrientos, Jorgens, Andersen, Gonzalez, Wright, Vice-Chair Tiedemann and Chair Balch

No: none

Abstain: none

Recuse: none

Not Present: Members Bartlett, Hu, Kalb, Bedolla and Patino.

- 22. (1:52:29) Renewable Surplus Allocation and GASB 62 Methodology (Action Item)**
Approve FY22-23 surplus funds for long-term renewable energy investments.

Howard Chang presented a proposal to allocate Ava Community Energy's fiscal year 2022-2023 surplus funds of approximately \$10.5 million towards long-term renewable energy investments, utilizing GASB 62 methodology for flexible revenue recognition. This allocation is intended to support contracts emerging from the 2023 request for offers, targeting up to a thousand megawatts of generation capacity and up to five hundred megawatts of storage capacity. The decision to allocate funds will depend on the finalization of ongoing contract negotiations, with the possibility of deferring surplus to future projects if agreeable terms are not reached.

(1:58:37) Member Roche asked about the allocation of Ava Community Energy's surplus funds, clarifying whether these funds would only support projects already approved or those to be approved. **Howard Chang** explained that the funds would be allocated to a portfolio of incremental projects pending negotiation closure, without singling out individual projects to avoid impacting negotiations.

(1:59:31) Member Marquez asked about the timeline for the release of funds for projects in preconstruction, specifically if the wait until 2027 is to ensure projects are fully operational. **Howard Chang** clarified that, upon today's approval, the funds would be applied on a portfolio basis when at least one additional project is approved. **CEO Chaset** explained that 2027 marks the broad operational start of the project portfolio, allowing the surplus to defray costs on a portfolio basis rather than being tied to specific project completions.

(2:01:39) Member Cox motioned to approve the staff recommendation. Member Jorgens seconded the motion which was approved 11/0/0/0/5.

Yes: Members Marquez, Kaur, Cox, Roche, Barrientos, Jorgens, Andersen, Gonzalez, Wright, Vice-Chair Tiedemann and Chair Balch

No: none

Abstain: none

Recuse: none

Not Present: Members Bartlett, Hu, Kalb, Bedolla and Patino.

23. (2:02:41) Treasury Manager Selection (Action Item)

Approve the RFP selected Treasury Manager

Jason Bartlett presented a proposal for the board to authorize the CEO to negotiate and execute an agreement with PFM Asset Managers for treasury management consulting services for Ava Community Energy. **Monique Spyke**, PFM Asset Manager, spoke about PFM's role as a fiduciary to ensure safety, liquidity, and a good rate of return on investments.

(2:12:54) Member Marquez motioned to approve the staff recommendation.

Member Gonzalez seconded the motion which was approved 11/0/0/0/5.

Yes: Members Marquez, Kaur, Cox, Roche, Barrientos, Jorgens, Andersen, Gonzalez, Wright, Vice-Chair Tiedemann and Chair Balch

No: none

Abstain: none

Recuse: none

Not Present: Members Bartlett, Hu, Kalb, Bedolla and Patino.

24. Investment Policy (Action Item)

Please note: This item will be continued to the April 17, 2024 Board of Directors meeting.

25. (2:13:59) Approval of a Short-Term Extension of Employment Agreement with Chief Executive Officer and Discussion of Succession Plan/Recruitment of new CEO (Action Item)

Inder Khalsa presented a proposal for an extension agreement allowing CEO Chaset to remain in his position until July 15, with the inclusion of a \$68,800 performance bonus at the end of the extension term, in addition to his regular salary. The agreement also permits Chaset to seek outside employment after June 15 and potentially continue with the agency as a consultant or part-time employee, subject to a future agreement.

(2:16:13) Member Tiedemann motioned to approve the staff recommendation.

Member Roche seconded the motion which was approved 11/0/0/5.

Yes: Members Marquez, Kaur, Cox, Roche, Barrientos, Jorgens, Andersen, Gonzalez, Wright, Vice-Chair Tiedemann and Chair Balch

No: none

Abstain: none

Recuse: none

Not Present: Members Bartlett, Hu, Kalb, Bedolla and Patino.

26. (2:18:46) Board Member and Staff Announcements including requests to place items on future Board agendas

- **Member Roche** requested a discussion about decoupling Ava Community Energy's rates from PG&E. CEO Chaset stated that this topic would be addressed during the rate setting process.
- **CAC Chair Hernandez** asked for a discussion about how to increase participation by CAC alternates.
- **Member Marquez** requested to revisit the recruitment process, engagement, and stipends for CAC members.

27. Closed Session Public Comment

There was no public comment for the closed session.

28. (2:23:08) Closed Session

- B. Conference with Real Property Negotiators pursuant to Government Code § 54956.8: 251 8th Street (Negotiators: CEO Nick Chaset, COO Howard Chang, General Counsel Inder Khalsa) (price and terms of payment).

29. (3:03:48) General Report Out of Closed Session

There were no items to report out of closed session.

30. Adjourned at 9:04 pm.

The next Board of Directors meeting will be held on Wednesday, April 17, 2024 at 6:00 pm.

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Consent Item 8

TO: Ava Community Energy Board of Directors

FROM: Nick Chaset, Chief Executive Officer

SUBJECT: Contracts Entered Into

DATE: April 17, 2024

RECOMMENDATION

Accept the CEO's report on contracts that Ava Community Energy has entered into, as required by the Administrative Procurement Policy, from March 13, 2024 to April 10, 2024;

C-2024-017 Energy & Environmental Economics (E3) First Amendment to Master Services Consulting Agreement, amends all EBCE references to Ava Community Energy ("Ava"), Ava office location, project end date to March 31, 2024, and the budget for services.

C-2024-018 Celery Design Collaborative Sixth Amendment to the Consulting Services Agreement, increases the not-to-exceed amount by \$925,000 for a total amount not to exceed of \$2,670,000 for the remainder of the term.

C-2024-019 Omni Government Relations, LLC Consulting Services Agreement, (Sacramento, CA) provides state legislative advocacy services, effective January 15, 2024 through December 31, 2024, for a maximum compensation of \$115,000.

C-2024-020 Arup North America Second Amendment to Consulting Services Agreement, adds additional compensation, increasing the not-to exceed by \$300,000, for a total amount not to exceed of \$880,000, and additional services to scope of services CEC GFO 23-606 EV Charging Infrastructure Application Support.

C-2024-021 Ascend Analytics Amendment A to the Software Agreement, amends Exhibit A (Statement of Services, Support, and Service Level Agreement) to provide a SmartBidder Premium bid optimization Software license to Ava, for a two-year term, effective March 21, 2024, for \$4,500 per month.

C-2024-022 Sacramento Municipal Utility District (SMUD) Amendment 26 to Exhibit A, Task Order 2, amends Scope of Work for the hard launch of the Ava brand, removing all references to East Bay Community Energy (EBCE) from all customer-facing content so that all webforms, emails, IVR, chat and bill in-line messaging solely reflect Ava.

C-2024-023 J. Tedesco & Associates Consulting Services Agreement, (San Diego, CA) provides CEO recruitment services to Ava, effective March 25, 2024 through August 15, 2024, with maximum compensation of \$87,000, payable in 3 equal amounts of \$29,000.

C-2024-024 Bay Area Air Quality Management District Amendment No. 3 to 2103-17497, amends Project Sponsor, replacing all references to East Bay Community Energy with Ava Community Energy Authority, and Section IV, Paragraph 9, by deleting and replacing 9. Indemnification.

C-2024-025 Abbott, Stringham & Lynch Consulting Services Agreement, (Campbell, CA) provides data and security audit services to Ava, effective March 22, 2024 through June 30, 2024, with a max compensation of \$10,000.

C-2024-026 Yurgosky Consulting Limited, Inc. Consulting Services Agreement, provides three (3) hours of virtual support for the Salesforce application Loom implementation for a total compensation of \$750, with commencement date of April 8, 2024 and completion date of April 12, 2024.

C-2024-027 AT&T Managed Dedicated Internet Service Contract, pricing term is for 36 months effective August 10, 2023, with one-time \$1500 fee for Managed Router NRC and \$760 per month for 1000 Megabits per second (Mbps) of service.

C-2024-028 DocuSign Order Form, eSignature Business Pro Edition Subscription from April 18, 2024 to April 17, 2026, including Premier Support, cost of \$15,525.00.

C-2024-029 DeSpain & Associates Order Form, 12-month IBM Environmental Intelligence Suite subscription at a cost of \$5,700, for 200,000 requests per month, with an overage fee of \$59.38 fee for additional requests.



Consent Item 9

TO: Ava Community Energy Authority

FROM: Joanie Brooke – Power Resources Manager

SUBJECT: **Alpaugh BESS, LLC Energy Storage Resource Adequacy Agreement Amendment (Action Item)**

DATE: April 17, 2024

Recommendation

Adopt a Resolution authorizing the Chief Executive Officer (CEO) to negotiate and execute an Amendment to an Energy Storage Resource Adequacy Agreement with Alpaugh BESS, LLC (Seller).

Background and Discussion

Ava Community Energy (Ava) executed an Energy Storage Resource Adequacy Agreement (Agreement) with the Seller on February 28, 2023, for Resource Adequacy for a 5 mega-watt (MW) share of a 10 MW battery energy storage facility (BESS), located in Tulare County, California. The Agreement was approved for execution during Ava's Board of Directors Meeting on February 15, 2023.

The Seller has stated that they are unable to bring the project online by the June 2024 date in the Agreement due to challenges during the development of the project impacting the facility's utility interconnection. The Seller has asked Ava to amend the Agreement and extend the online date of the project by up to two years. In return, the Seller has agreed to compensate Ava for the loss of Resource Adequacy caused by the delay.

Ava is asking the Board to authorize the CEO to continue these negotiations, and when complete, execute an Amendment extending the project's guaranteed commercial operation date in the Agreement.

Fiscal Impact

The fiscal impact of the delay to the commercial operation date would be substantially offset by the Seller's compensation payment.

Attachments

- A. Resolution authorizing the CEO to negotiate and execute an Amendment to an Energy Storage Resource Adequacy Agreement with Alpaugh BESS, LLC.

RESOLUTION NO. R-2024-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO
NEGOTIATE AND EXECUTE AN AMENDMENT TO THE ENERGY STORAGE
RESOURCE ADEQUACY AGREEMENT WITH ALPAUGH BESS, LLC

WHEREAS The Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava has executed an Energy Storage Resource Adequacy Agreement (Agreement) with Alpaugh BESS, LLC on February 28, 2023; and

WHEREAS the Agreement is for 5 mega-watts (MW) of Resource Adequacy (RA) from a 10 MW battery energy storage project in Tulare County, developed by Consolidated Edison Development, LLC, and will deliver RA for a term of twelve years; and

WHEREAS Ava has negotiated an amendment to the Agreement, which will delay the operational date by up to two years and include a payment to compensate Ava for the loss of RA caused by the delay.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Chief Executive Officer is hereby authorized, in consultation with staff and legal counsel, to negotiate and execute an Amendment to an Energy Storage Resource Adequacy Agreement with Alpaugh BESS, LLC.

ADOPTED AND APPROVED this 17th day of April, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board



Staff Report Item 10

TO: Ava Community Energy Authority

FROM: Lori Bilella, Director, Clean Energy Services

SUBJECT: **Consulting Services Agreement with Energy Mission Control dba FuSE Carbon Technologies for Low Carbon Fuel Standard Credit Brokerage**

DATE: April 17, 2024

Recommendation

Approve a Resolution authorizing the CEO to negotiate and execute a Consulting Services Agreement (“Agreement”) with Energy Mission Control dba FuSE Carbon Technologies (“FuSE”) to provide advisory and commercial brokerage services for Low Carbon Fuel Standard (LCFS) credits generated through Ava transportation electrification initiatives. The term of the Agreement will be through June 30, 2027, with compensation provided in the form of transaction-based broker commissions as well as up to \$50,000 for advisory services.

Background and Discussion

The Low Carbon Fuel Standard (LCFS) program came about through AB32, and is managed by the California Air Resources Board (CARB). It operates in a similar way to a cap-and-trade program in that some entities generate credits and some generate deficits based on the carbon intensity of their activities. LCFS is exclusive to transportation fuel emissions.

Entities that produce low - or no - carbon transportation fuels generate credits. Entities that produce transportation fuel emissions generate a deficit. These credits have a floating value based on the program market dynamics. Entities with credits can sell them to realize the monetary value associated with the credits. In 2019, Ava registered

its Renewable 100 electricity product as a Zero Carbon Intensity (0 CI) fuel pathway with CARB. This enables the use of Renewable 100 as a transportation fuel to be eligible to generate the maximum amount of LCFS credits through the use of electricity as a transportation fuel. Initiatives such as, but not limited to, Ava's DC Fast Charging Network and residential managed charging program are two examples of Ava initiatives that will generate LCFS credits. Numerous sites in Ava's DC Fast Charging Network will also be eligible to generate LCFS credits through the Fast Charging Infrastructure (FCI) capacity crediting pathway. The revenues associated with the monetization of Ava's LCFS credits will fund continued investment in transportation electrification initiatives.

In anticipation of the launch of the DCFC network and managed charging program, staff wants to be prepared with a contracted partner that can advise Ava on how best to access and optimize the monetization of LCFS credits, and to execute on transactions to deliver those revenues. On February 23, 2024 Ava issued a Request for Proposals for Low Carbon Fuel Standard Program Strategy Development and Credit Management Services. Five firms responded with proposals, which were reviewed and scored by a team of Ava Local Development staff. Three respondents were interviewed. Ultimately, FuSE was selected for their dedicated business model focus the electricity provisions within the LCFS program, depth of LCFS experience, and competitive fee proposal.

Fiscal Impact

Advisory services provided under this contract are not to exceed \$50,000 over the term. In addition to any direct advisory fee costs, FuSE will also be compensated in the form of transaction-based broker commission fees. Commission fees will be negotiated by the CEO prior to execution of the Consulting Services Agreement, though the volume of LCFS credits Ava generates and the market-based credit price at which credits trade will ultimately determine the specific value the broker receives. Commission fees will follow the schedule negotiated in the Consulting Services Agreement and will represent a portion of the revenues realized from credit sales which will always ultimately generate a net positive impact to Ava. The contract will provide that if LCFS credit prices ever drop to a price at which market participation is not economically justifiable, Ava can opt not to participate in that quarter's trading.

Attachments

- A. Resolution

RESOLUTION NO. R-2024-xx
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY TO NEGOTIATE A CONSULTING
SERVICES AGREEMENT WITH ENERGY MISSION CONTROL DBA FuSE CARBON
TECHNOLOGIES

WHEREAS The Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS, on February 23, 2024, Ava Community Energy issued a Request for Proposals for Low Carbon Fuel Standard Program Strategy Development and Credit Management Services; and

WHEREAS, five firms responded with proposals, and after evaluating each proposal Ava selected Energy Mission Control dba FuSE Carbon Technologies (“FuSE”) to negotiate an agreement with; and

WHEREAS the Low Carbon Fuel Standard (LCFS) program, administered by the California Air Resources Board (CARB), incentivizes the production and sale of low carbon intensity transportation fuels by rewarding the displacement of each metric ton of carbon dioxide equivalent (CO_{2e}) with one credit based upon formulas detailed in the regulation; and

WHEREAS LCFS credits can be purchased by obligated parties with credit sale revenues funding continued investment in transportation electrification initiatives; and

WHEREAS Ava Community Energy will generate LCFS credits through initiatives including but not limited to its network of 24/7 publicly accessible electric vehicle fast charging stations and its residential managed charging program; and

WHEREAS Ava staff seek timely support in developing and implementing an LCFS credit monetization strategy; and

WHEREAS LCFS credit sales realized by a broker generate a net revenue to Ava inclusive of the cost of a transaction-based commission fee.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Authorize the CEO to negotiate and execute a Consulting Services Agreement with FuSE, to provide advisory and commercial brokerage services for LCFS credits generated through Ava transportation electrification initiatives consistent with the terms described in the staff report accompanying this resolution. The term of the Agreement will be through June 30, 2027. Compensation will be in the form of transaction-based broker commission fees, at a rate to be negotiated by the CEO, with additional advisory service compensation not-to-exceed an amount of \$50,000. The Agreement shall be subject to review and approval by General Counsel.

ADOPTED AND APPROVED this 17th day of April, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board



Consent Item 11

TO: Ava Community Energy Authority Board of Directors
FROM: Howard Chang, Chief Operating Officer & Treasurer
SUBJECT: Treasurer’s Report (Informational Item)
DATE: April 17, 2024

Recommendation

Receive report on EBCE’s cash position.

Background and Discussion

For the quarter ending March 31, 2024, EBCE has maintained a positive cash balance on all EBCE bank accounts. Below is a summary of account balances, cash received, and outstanding loan balances.

Account Balances as of 3/31/2024

<u>Account</u>	<u>Amount</u>
Internal Operating	\$ 3,365,245
Operating Fund	\$ 74,919,911
Lockbox	\$ 13,655,472
US Bank	\$ 99,591,910
Money Market	\$ 160,930,786
Insured Cash Sweep Checking	\$ 134,416,926
Insured Cash Sweep Saving	\$ 20,501,532
Wells Fargo	\$ 532,682
CDARS	\$ 50,000,000
Total	\$ 557,914,463

Cash Received by Month into Lockbox Account

January	2024	\$ 82,202,148
February	2024	\$ 72,374,625
March	2024	\$ 78,324,537
<hr/>		
Total		\$ 232,901,310

Outstanding Loan Balances:

Union Bank Credit Facility: \$0.00

Customer Delinquency:

As of March 31, 2024

31 - 60 Days: \$ 5,395,190
61 - 90 Days: \$ 2,941,801
91 - 120 Days: \$ 2,209,025
120+ Days: \$ 41,452,964



Staff Report Item 12

TO: Ava Community Energy Authority

FROM: Matt Chiodo, Power Resources Contracts and Settlements Analyst

SUBJECT: **Adapt2 Consulting Services Agreement**

DATE: April 17, 2024

Recommendation

Adopt a Resolution authorizing the Chief Executive Officer (CEO) to negotiate and execute a Consulting Services Agreement (CSA) between Ava Community Energy ("Ava") and Adapt2, Services Inc ("Adapt2").

Background and Discussion

Ava Staff is asking the Board for authorization to execute a new CSA with Adapt2 for contract management and deal capture software services. The CSA with Adapt2 would extend the term by 3-years under a new CSA, with a total amount not to exceed \$1,115,00 over the term, beginning in May 2024 at the earliest.

Ava currently has a CSA with Adapt2 using their contract management and deal capture software. Adapt2 has been a valuable software provider, and its software is being used to aggregate the components of our deals in a manageable and searchable interface, and the software also tracks our settlements and energy product deliveries. Ava has been using the software throughout the original 3-year term, and it has provided operational benefits to Ava.

Ava originally assessed how our deals and contracts are currently managed and selected Adapt2 through a competitive solicitation. Ava spent the last 3 years integrating the software into our operations, including entering all our active and historic deal information and establishing data connections to other platforms that Ava uses

internally. Ava is still realizing the benefits from the software, so Ava is asking the Board to authorize another 3-year term. Switching from Adapt2 to another service at this time would be disruptive, as staff continue to operationalize the platform and leverage the software to track our deals across our energy portfolio.

Fiscal Impact

The agreement shall be for a 3-year subscription term. The total amount of the Agreement is not to exceed \$1,115,000 over the term and shall start at the earliest in May 2024. These costs have been accounted for in the Power Resources budget.

Attachments

- A. Resolution Authorizing the Chief Executive Officer to Negotiate and Execute a Consulting Services Agreement with Adapt2, Inc

RESOLUTION NO. R-202x-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE A CONSULTING SERVICES AGREEMENT WITH ADAPT2, INC

WHEREAS on October 24, 2023, the East Bay Community Energy Authority legally adopted the name Ava Community Energy Authority (“Ava”);

WHEREAS Ava was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The City of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The City of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023.

WHEREAS Ava previously conducted a competitive solicitation and selected Adapt2 as a software platform for contract management and deal capture;

WHEREAS Ava would like to renew the subscription to Adapt2’s contract management and deal capture software platform to meet Power Resources, Finance, and Data and Analytics objectives;

WHEREAS Ava has used the Adapt2 software’s compatibility and connectivity with our existing databases and changing to another service would be disruptive to current operations;

WHEREAS Ava staff has determined Adapt2 is a contract management and deal capture software platform that fits the current and future needs of Ava;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Chief Executive Officer is hereby authorized to negotiate and execute a Consulting Services Agreement with Adapt 2, Inc.

ADOPTED AND APPROVED this _____ day of _____, 202x. *{insert day and month of Board Meeting}*

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board



CEO Report Item 13

TO: Ava Community Energy Board of Directors
FROM: Nick Chaset, Chief Executive Officer
SUBJECT: CEO Report (Informational Item)
DATE: April 17, 2024

Recommendation

Accept Chief Executive Officer (CEO) report on update items below.

Executive Committee Meeting

The April 3, 2024 Executive Committee Meeting was canceled. The next Executive Committee meeting will be held on Wednesday, May 1, 2024 at 9 am.

New Employees

Forrest Csulak

Forrest joined Ava on March 19, 2024 as the Distributed Energy Resources (DERs) Associate. He will be supporting Ava's community programs by managing Ava's distributed energy resources management system (DERMS) operations and Ava's Solar and Battery Storage program.

Prior to joining Ava, Forrest amassed 5 years of experience assisting with utility-scale program design and working with virtual power plant companies including Olivine and KrakenFlex to optimize and operationalize DER control strategies around wholesale energy market participation, customer rate savings, carbon emissions reductions, and California's ELRP.

Forrest has a B.S. in energy engineering from the University of California, Berkeley.

Christina Cheuk

Christina joined Ava on 3/26/24 as in-house Designer on the Marketing team. Christina will assist with the design, direction, and production of Ava marketing and program materials.

Prior to Ava, Christina worked at Energy Solutions for 5 years, where she helped establish a design department. She managed the creative direction and development of ES's brand along with client visual identities and materials for energy efficiency, DER, and policy programs nationwide. Before that, she was the lead designer for Crossroads Trading, a sustainable fashion company.

Christina has a B.A. from UC Berkeley in Integrative Biology. She loves dogs, gardening, and cooking vegetarian food from around the world.

Gabriel Head

Gabriel joined Ava on March 19, 2024 as the CAISO Day Ahead Manager. He will be designing and executing the CAISO Day Ahead trading strategy for the Power Resources team and assessing and then optimizing the performance of Ava's storage and renewable assets in the CAISO Day Ahead and Real Time markets.

Prior to joining Ava, Gabriel led a team of 7 Data Scientists at Plus Power, a battery storage developer operating in ERCOT, to design, develop and deploy an AI-enabled automated trading platform capability in-house. Before that he was a Senior Data Scientist at Fluence Digital where he worked on the Mosaic trading platform for customers operating in the Australian NEM and ERCOT. He brings 13 years of experience working in energy systems modeling, quantitative energy finance, and algorithmic asset management in wholesale power markets. He has architected, implemented, and deployed time series forecasting and numerical optimization platforms to production cloud environments to support the execution of physical and financial trading strategies.

Gabriel holds a BScE in Mechanical Engineering and Applied Mechanics from the University of Pennsylvania and completed graduate coursework in Computational and Applied Mathematics at Rice University before launching a predictive modeling startup out of the Rice Business Plan Competition.



Staff Report Item 15

TO: Ava Community Energy Authority Board of Directors
FROM: Jason Bartlett, Senior Finance Manager
SUBJECT: **Ava Community Energy Investment Policy**
DATE: April 17, 2024

Recommendation

Adopt a Resolution to Approve Ava Community Energy Investment Policy.

Background and Discussion

Ava Community Energy Authority (Ava) holds a substantial amount of cash and cash equivalents in reserve funds and for working capital purposes. Ava’s current reserve amounts are approximately \$231 million, and an additional \$100 million is expected to be contributed to this amount after the audit of the current fiscal year.

Ava currently holds all monies in accounts at River City Bank (RCB). The accounts are separated by intended uses and non-working capital is held in limited interest-bearing accounts. These accounts have strict rules governing amount balances and caps interest rates below broader market rates in most cases.

Account Type	Balance	Capacity	Rate
ICS Checking	133,521,000	155,000,000	LAIF + 5bps
ICS Savings	20,365,000	100,000,000	LAIF + 5bps
ICS Limit		225,000,000	
CDARS	50,000,000	50,000,000	Treasury + 10bps
Money Market	27,114,000	105,200,000	LAIF + 5bps
Total	231,000,000	380,200,000	

Insured Cash Sweep totals must be less than 50% of total account balances
 ICS Limit is \$30MM less than sum of capacity
 Certificate of Deposit Account Registry Service
 Money Market must be less than 20% of total account balances
 LAIF rates Dec 2023 = 4.00%, 1Mo Treasury rates Dec 2023 = 5.60%

While Ava can legally invest in other vehicles, it isn't considered prudent management to do so without an approved guiding policy. Adopting an investment policy will allow Ava to make better investment decisions with its cash by setting goals and defining a clear strategy and range of approved instruments. This will give flexibility to optimize returns and maintain safe margins of risk.

The investment policy being proposed is in standard form for California public agencies. It is in compliance with all governing laws and has been drafted for Ava by PFM Asset Managers (PFMAM), a fiduciary firm with over 43 years specializing in California public agency investment management. PFMAM was appointed as Ava's treasury management consultant in the March 20, 2024 board meeting.

Investment Policy Details

This investment policy specifically prioritizes the following objectives in order of primacy:

1. Safety: Preservation of capital in overall portfolio
2. Liquidity: Sufficiently liquid to meet all reasonably anticipated operating requirements
3. Return on Investment: Attain a market rate of return.

Examples of viable investments allowed by State law are: US Treasuries, Municipal Bonds, State and Local Agency Bonds, Commercial Bonds, Certificates of Deposits, and Supranational Obligations to name some of the most common. It should be noted that stocks, equities, options, futures, and other speculative investments, as well as foreign investments, are **explicitly prohibited** investments by State regulations.

Furthermore, any investments in allowable instruments are also entirely voluntary. To this end, Staff has also added a section on Socially Responsible Investing (SRI) prohibiting Ava from investing in any corporate instrument originating from any company whose primary business involves one or more of the following activities:

- Fossil fuel extraction, refining, and distribution
- Tobacco manufacturing and production
- Firearms manufacturing or distribution

A survey of constituent cities and peer CCA policies and practices found substantial diversity on how SRI considerations are employed. Some follow a more rigid structure of environmental, socially responsible, and corporate governance (ESG) regime or may be as strict as explicitly prohibiting all corporate investments, while others may not state a preference in policy but do not invest in corporate instruments in practice, and others still may not employ any policy or practice preference to SRI.

Given the wide variety of SRI practices employed, Staff feels this addition is generally consistent with standard practices. Furthermore, Staff believes these SRI guidelines align with Ava's Joint Powers Agreement recitals to address climate change by reducing greenhouse gas emissions and create administering policy that is responsive to regional priorities. Staff also acknowledges that this is not a comprehensive list of regional priorities and can be amended to suit needs as they arise.

One final note of importance related to corporate debt investments is that any investment would be based on investment grade debt issuances, statutorily capped to a fixed percentage of Ava's portfolio, held to a minimum standard of investment quality, and limited to short-term maturities as based on governing regulations.

Fiscal Impact

Instituting an investment policy does not incur any costs but could improve investment returns by 25% (a 1% nominal increase in rates). For amounts held in reserves, this is an additional \$2.3 million per year in expected returns.

Committee Recommendation

The Finance, Administrative, and Procurement (FAP) subcommittee has reviewed this item and has approved it to be brought to the Board of Directors.

Attachments

- A. Resolution to Adopt Ava Community Energy Investment Policy
- B. Ava Community Energy Investment Policy

RESOLUTION NO. R-2024-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE AVA COMMUNITY ENERGY AUTHORITY ADOPT AVA COMMUNITY
ENERGY INVESTMENT POLICY

WHEREAS The Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava currently holds cash in limited interest-bearing accounts with River City Bank that, while maintaining safe margins of risk, do not optimize returns on investments.

WHEREAS while Ava can legally invest in other vehicles, a Board approved guiding policy would be operationally prudent to define investment strategies, goals, and acceptable investment options.

WHEREAS the proposed investment policy prioritizes the preservation of capital across the portfolio, ensuring sufficient liquidity to meet operating needs, and seeks to attain a market rate of return.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The adoption of Ava Community Energy Investment Policy (the “Policy”) to establish Board approved guidelines for investments.

Section 2. The Policy defines Ava’s investment strategy, goals, and objectives related to and as prioritized by preservation of capital, ensuring liquidity, and attaining benchmark returns.

ADOPTED AND APPROVED this 20th day of March, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

AVA COMMUNITY ENERGY INVESTMENT POLICY

Policy

The purpose of this investment policy ("Policy") is to identify prudent policies and procedures that shall govern the investment of Ava Community Energy's ("Ava") funds. The ultimate goal of this Policy is to protect the safety of the invested funds, enhance the economic status of Ava, and to ensure that all investments comply with federal, state, and local laws governing the investment of the funds covered by this Policy.

Scope

This Policy shall cover all funds and investment activities under the direct authority of Ava.

Bond proceeds shall be invested in the securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, the bond proceeds will be invested in the securities permitted by this Policy. Notwithstanding the other provisions of this Policy, the percentage limitations listed in elsewhere in this Policy do not apply to bond proceeds.

Objectives

The primary objectives, in priority order, for Ava's investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Ava's investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity:** Ava's investment portfolio will remain sufficiently liquid to enable Ava to meet all operating requirements, which might be reasonably anticipated.
3. **Return on Investment:** Ava's investment portfolio shall be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles.

The remainder of this Policy describes the policies and procedures to be followed in support of these objectives.

Prudence

All persons authorized to make investment decisions on behalf of Ava are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Authorized persons, acting in accordance with written procedures and this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Delegation of Authority

Responsibility for the investment program is hereby delegated by Ava's Board of Directors to the Treasurer, for a period of one-year, who shall thereafter assume full responsibility for the investment program until the delegation of authority is revoked. Subject to review, the Board of Directors may renew the delegation of authority each year. The Treasurer may delegate the day-to-day investment activities to his/her designee(s) but not the responsibility for the overall investment program. If authorized by the Board of Directors, the Treasurer may also utilize the services of an external investment advisor to assist with the investment program. The investment advisor shall never take possession of Ava's funds or assets. No person may engage in investment activities except as provided under the terms of this Policy and the procedures established by the Treasurer.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Ava are protected from loss, theft, or misuse. The procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgement by management. Compliance with this Policy and internal controls shall be reviewed annually by Ava's independent auditor.

Authorized Financial Dealers and Institutions

Investments not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank. If Ava is utilizing financial dealers or institutions to execute transactions, the Treasurer shall maintain a list of the firms that have been approved for investment purposes. A copy of this Policy shall be sent annually to all firms with which Ava executes investments.

If Ava has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved issuers, brokers/dealers, and financial institutions with which to conduct transactions on Ava's behalf.

Authorized and Suitable Investments

The California Government Code provides basic investment limits and guidelines for government entities. In the event an apparent discrepancy is found between this Policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this Policy apply at the time the security is purchased. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. Credit ratings, where shown, specify the minimum credit rating category required at purchased. In the event a security held by Ava is subject to a credit rating change that brings it below the minimum credit ratings specified in this Policy, the Treasurer should notify the Board of Directors of the change in the next quarterly investment report. The course of action to be followed

will then be decided on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rate drops, and the market price of the security.

- A. **U.S. Treasury Instruments.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of Ava's moneys that may be invested in this category.
- B. **Federal Agency Securities.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of Ava's moneys that may be invested in this category.
- C. **Supranational Obligations.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this paragraph shall be rated in a rating category of "AA" or its equivalent or better by a Nationally Recognized Statistical Rating Organization ("NRSRO"). No more than 30% of Ava's moneys may be invested in this category.
- D. **Municipal Debt.** Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

Bonds, notes, warrants, or other evidence of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

There is no limitation as to the percentage of Ava's moneys that may be invested in this category.

- E. **Medium-Term Notes.** Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this paragraph shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. No more than 30% of Ava's moneys may be invested in this category. No more than 10% of Ava's moneys may be in the commercial paper and the medium-term notes of any single issuer.
- F. **Negotiable CDs.** Negotiable certificates of deposit issued by a nationally or state-

chartered bank, a savings association, or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. No more than 30% of Ava's moneys may be invested in this category.

- G. **Placement Service Deposits.** Bank deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States. The full amount of the principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. Placement Deposits shall meet all of the requirements of Government Code Section 53601.8. Purchases of Placement Service CDs may not exceed 30% of Ava's moneys that may be invested in this category.
- H. **Asset-Backed Securities.** A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. For securities eligible for investment under this paragraph not issued or guaranteed by an agency or issuer identified in paragraph (A) or (B) of this Policy section, the following limitations apply: (1) the security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. (2) A maximum of 20% of Ava's moneys may be invested in this category.
- I. **Commercial Paper.** Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all the following conditions in either paragraph (1) or (2):
- (1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation; (B) Has total assets more than five hundred million dollars (\$500,000,000), and (C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or better by an NRSRO.
 - (2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company, (B) Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond, and (C) Has commercial paper that is rated "A-1" or better, or the equivalent, by an NRSRO.

Purchases are limited to securities that have a maximum maturity of 270 days. A maximum of 40% of Ava's moneys may be in this paragraph (*the limit is 25% for agencies that have less than \$100 million of investment assets*). No more than 10% of Ava's moneys may be in the commercial paper and the medium-term notes of any single issuer.

- J. **State of California's Local Agency Investment Fund (LAIF).** Whenever Ava has funds invested in LAIF, the Treasurer shall periodically review the program's investments. The maximum amount invested in this category may not exceed the limit set by LAIF for operating accounts.
- K. **Local Government Investment Pools ("LGIP").** Shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code Section 6509.7 that invests in the securities and obligations authorized in California Government Code Section 53601 subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the Joint Powers

Authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all the following criteria: (1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive. (3) The adviser has assets under management more than five hundred million dollars (\$500,000,000).

There is no limitation as to the percentage of Ava's moneys that may be invested in this category.

- L. **Money Market Funds ("MMF").** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940. These Money Market Funds must have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs, or (B) Retained an investment advisor with not less than five years' experience and registered or exempt from registration with the SEC, with assets under management in excess of five hundred million dollars (\$500,000,000). Whenever Ava has any funds invested in a MMF, the Treasurer shall review and file the MMF's information statement at least annually. A maximum of 20% of Ava's moneys may be invested in this category.
- M. **Bank Deposits.** FDIC insured or fully collateralized demand deposit accounts, savings accounts, market rate accounts, time certificates of deposits ("TCDs") and other types of bank deposits in financial institutions located in California. The amount on deposit in any financial institution shall not exceed the shareholder's equity. To be eligible to receive Ava's deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Redevelopment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Government Code Section 53630 et seq. The Treasurer, at his/her discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. Ava shall have a signed agreement with any depository accepting Ava's funds per Government Code Section 53649. The maturity of TCDs may not exceed 1 year in maturity. There is no limit on the percentage of the portfolio that may be invested in bank deposits. However, a maximum of 20% percent of Ava's moneys may be invested in TCDs.

Ineligible Investments

Ava shall not invest in any investment authorized by the Government Code, but not explicitly listed in this Policy without the prior approval of the Board of Directors. For the avoidance of doubt this includes—but is not limited to—repurchase agreements, reverse repurchase agreements, bankers' acceptances, and public bank debt as defined by 53601(r). Furthermore, Ava will not invest in inverse floaters, range notes, mortgage-derived, interest-only strips, or any security that could result in zero interest accrual if held to maturity, except as authorized by Government Code Section 53601.6. Ava may hold any previously permitted but currently prohibited investments until their maturity dates.

Socially Responsible Investing

Ava's portfolio shall not include investment in companies in the industries or subindustries listed below. Where industry/subindustry classifications are not applicable, Ava shall avoid investing in

companies whose primary business involves one or more of the business activities detailed below. Ava's External Investment Manager shall provide Ava information on their screening process.

- Fossil Fuel Extraction, Refining, and Distribution
- Tobacco Manufacturing and Production
- Firearms Manufacturing or distribution

Diversification

Ava shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

Maximum Maturities

The Treasurer and/or his/her designee(s) shall maintain a system to monitor and forecast revenues and expenditures so that Ava funds can be invested to the fullest extent possible while providing sufficient liquidity to meet Ava's reasonably anticipated cash flow requirements. Maturities of investments will be selected to provide necessary liquidity, manage interest rate risk, and optimize earnings. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds.

For those investment types for which this Policy does not specify a maturity limit, no individual investment shall exceed a maturity of five years, as measured from the settlement date to final maturity, unless the Board of Directors has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board of Directors no less than three months prior to the investment.

This Policy authorizes investing bond project and reserve funds beyond five years if the maturities of such investments do not exceed the expected use of the funds, the investments are deemed prudent in the opinion of the Treasurer, and the investments are not prohibited by the applicable bond documents.

Safekeeping and Custody

To protect against potential losses by collapse of individual securities dealers, all deliverable securities owned by Ava, including collateral on repurchase agreements, shall be held in safekeeping by a third-party bank trust department acting as agent for Ava under the terms of a custody agreement executed by the bank and by Ava. All deliverable securities will be received and delivered using standard delivery-versus-payment procedures.

Performance Standards

The investment portfolio shall be managed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. This Policy recognizes that in a diversified portfolio occasional measured losses are inevitable and must be considered within the context of the overall portfolio's structure and expected investment return, with the proviso that adequate diversification and credit analysis have been implemented.

An appropriate performance benchmark shall be established against which portfolio performance shall be compared on a regular basis. The selected performance benchmark shall be representative of Ava's overall investment objectives and liquidity requirements.

Reporting

The Treasurer will prepare an investment report on a monthly basis that shall include a description of the portfolio, type of investments, issuers, maturity dates, par values and current market values of each component of the portfolio, list of transactions, including funds managed for Ava by third party contract managers. The report will include a certification that: (1) all investment actions executed since the last report have been made in full compliance with this Policy and (2) the report shall include a statement denoting the ability of Ava to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available. The report shall be so submitted within 45 days following the end of the month covered by the report.

Investment Policy Adoption

Ava's investment policy shall be adopted by resolution of the Board of Directors. This Policy shall be reviewed periodically by the Treasurer and any modifications made thereto must be approved by the Board of Directors.

GLOSSARY

The glossary is provided for general information only. It is not to be considered a part of the Policy for determining Policy requirements or terms.

AGENCIES: Securities issued by federal agency securities and/or Government-sponsored enterprises (e.g. FNMA, FHLMC, FHLB).

AMORTIZED COST (or Book Value): For investments purchased at a discount, amortized cost constitutes cost plus interest earned to date.

ASKED: The price at which securities are offered for sale; also known as offering price.

ASSET-BACKED SECURITIES (ABS): Securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

BASIS POINT: One hundredth of one percent (i.e. 0.01 percent).

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CALLABLE BOND: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large denomination CDs are typically negotiable.

COMMERCIAL PAPER: An unsecured promissory note with a fixed maturity no longer than 270 days.

COLLATERAL: Securities, evidence of deposit or other property, which secures repayment of an investment. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the (entity). It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

(b) A certificate attached to a bond evidencing interest due on a payment date.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security and a loss will result.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below the original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued a discount and redeemed at maturity for full face value (e.g., U.S. Treasury Bills, commercial paper.)

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. Duration is expressed as a number of years. The duration of a security is a useful indicator of its price volatility for given changes in interest rates. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits.

FEDERAL FARM CREDIT BANK (FFCB): Government-sponsored institution that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Its securities do not carry direct U.S. Government guarantees.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): Established in 1970 to help maintain the availability of mortgage credit for residential housing. FHLMC finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. FHLMC's securities are highly liquid and are widely accepted. FHLMC is currently operated under conservatorship of the U.S. Government.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA is currently operated under conservatorship of the U.S. Government.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the U.S. which consists of seven-member Board of Governors, 12 regional banks, and about 5,700 commercial banks that are members.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA): The Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms doing business in the United States. All told, FINRA oversees nearly 4,750 brokerage firms, about 167,000 branch offices and approximately 634,000 registered securities representatives.

INTEREST RATE RISK: The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

INVESTMENT POLICY: A clear and concise statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment purposes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): A type of pooled investment program in which funds from local agency investors/participants are aggregated together for investment purposes.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM-TERM NOTES (MTNs): Unsecured corporate obligations. For purposes of the California Government Code, they have a maximum remaining maturity of five years or less.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MONEY MARKET FUND. A type of mutual fund that invests exclusively in short-term investments.

MORTGAGE-BACKED SECURITIES (MBS): These securities represent an ownership interest in mortgage loans made by financial institutions (savings and loans, commercial banks, or mortgage companies) to finance the borrower's purchase of a home or other real estate. MBS are created when these loans are packaged, or "pooled," by issuers or servicers for sale to investors. As the underlying mortgage loans are paid off by the homeowners, the investors receive payments of interest and principal.

MUTUAL FUND: A fund operated by an investment company that raises money from shareholders and invests it on their behalf. Profits are distributed to shareholders after the investment company deducts its management fee. Mutual funds are regulated by the SEC.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): A credit rating agency that issue credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. The largest three NRSROs are Standard & Poor's, Moody's Investors Service and Fitch Ratings.

NEGOTIABLE: Something that can be sold or transferred to another party.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Large denomination certificates of deposit with a fixed maturity date, which can be sold in the money market. They are not collateralized.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in increments of \$1,000 per bond.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PREMIUM: The amount by which a security sells above its par value.

PRINCIPAL: The face or par value of a debt instrument or the amount of capital invested in a given security.

PRUDENT INVESTORS RULE: An investment standard. In California, persons authorized to make investment decisions on behalf of a local agency are considered trustees and therefore fiduciaries subject to the Prudent Investor Rule. A trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

SAFEKEEPING: A service banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or, if called, on the call date.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES: Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness of equity.

SECURITIES & EXCHANGE COMMISSION (sec): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SPREAD: The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or between the amount paid when bought and the amount received when sold.

SUPRANATIONAL: Supranational entities are formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the European Investment Bank and the World Bank. Similarly to the government bonds, the bonds issued by these institutions are considered direct obligations of the issuing nations and have a high credit rating.

TREASURY SECURITIES. Obligations issued by the federal government, which are backed by the U.S. Government's full faith & credit. Generally considered to have the lowest credit risk of any security. They are issued in a range of maturities:

- **TREASURY BILLS.** Are short-term, non-interest bearing discount security having initial maturities of one-year or less.
- **TREASURY NOTES.** Are Intermediate-term coupon-bearing securities having initial maturities from two to ten years.
- **TREASURY BONDS.** Are long-term coupon-bearing securities having initial maturities of more than ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WEIGHTED AVERAGE MATURITY (OR DURATION): The sum of the amount of each investment multiplied by the number of days to maturity (or duration), divided by the total amount of investments.

YIELD: The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security.

YIELD CURVE: Yield calculations of various maturities of instruments of the same quality at a given time to show yield relationships.



Staff Report Item 21

TO: Ava Community Energy Authority

FROM: Todd Edmister, Senior Director
Alec Ward, Principal Legislative Manager
Michael Quiroz, Regulatory Analyst

SUBJECT: Income-Graduated Fixed Charge - Background and Customer Impacts

DATE: April 17, 2024

Recommendation

This is an informational item on the “income-graduated fixed charge” (“IGFC”). The IGFC is pending before the California Public Utilities Commission (PUC) in Rulemaking 22-07-005 and the legislature, primarily in Assembly Bill (AB) 1999.

IGFC is a change to how utilities collect distribution rates. There is no single IGFC. Rather, there are a multitude of different IGFC variants under evaluation at the PUC and at the legislature. IGFC, properly structured, can encourage electrification by reducing marginal energy rates, shift the cost burden for the distribution system away from low-income customers, and align fixed costs with a fixed method of recovery rather than volumetric. IGFC, improperly structured, can shift the rate burden to lower income customers and users of the least energy while spiking bills for some unfortunate customers and providing a windfall to others. The devil is in the details.

Ava staff detail the zero-day impact of various IGFC proposals on Ava customers in the attached slides. A PUC decision on IGFC is currently scheduled for the PUC’s May 9, 2024 business meeting. Ava has shared earlier iterations of the attached deck with PUC staff, legislative staff including AB 1999’s lead author, and the Governor’s office.

Ava staff will continue to monitor the PUC proceeding and AB 1999 and similar bills, and will include any recommendation for a position on these bills along with recommendations on other pending legislation at a later Board meeting.

Background and Discussion

In 2022, the California legislature passed AB 205 along with the 2023-24 state budget.¹ AB 205, at Section 10, contained a provision to restructure residential electricity rates. As the Legislative Counsel explained at the time:

[AB 205 will] authorize the PUC to authorize fixed charges for any rate schedule applicable to residential customer accounts. The bill would eliminate the cap on the amount of the fixed charge that the PUC may authorize. The bill would require the fixed charge to be established on an income-graduated basis, as provided, with no fewer than 3 income thresholds so that low-income ratepayers in each baseline territory would realize a lower average monthly bill without making any changes in usage. The bill would require the PUC, no later than July 1, 2024, to authorize a fixed charge for default residential rates.²

After AB 205's passage, the action shifted from Sacramento and the Legislature to San Francisco and the California Public Utilities Commission (PUC). In July of 2022, the CPUC initiated the Demand Flexibility proceeding to set about implementing AB 205.³ In 2023, investor-owned utilities (IOUs) filed their proposals for "income-graduated fixed charges" (IGFC) at the PUC, and other organizations (TURN, NRDC, California Public Advocate's office, etc.) filed alternative proposals. The PUC's process has continued to move forward to hit the legislature's July 1, 2024 deadline for IGFC implementation. A welter of proposals, briefing, rulings, and ex parte meetings culminated in the assigned Commissioner issuing a Proposed Decision (PD) on March 27, 2024.⁴

While all this was happening at the PUC, legislators began to take a renewed interest in their earlier handiwork.⁵ An October 27, 2023 letter⁶ from numerous Assemblymembers to the PUC's President requested "that the CPUC, at a minimum, extend the timeline for the proceeding, allowing for the Commission to hold public

¹ https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB205

² https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB205

³ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M498/K072/498072273.PDF>

⁴ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M528/K422/528422138.PDF>

⁵ <https://www.utilitydive.com/news/california-lawmakers-backpedal-on-income-based-utility-charges-as-iou-oth/707859/>

⁶ <https://static.politico.com/0e/06/ae7f527c4b848899a3f9b7d5c1ad/cpuc-fixed-charge-10-27-letter.pdf>

participation hearings on this proceeding. Further, the majority of the current proposals are unreasonable and the Commission must ensure that any fixed rate being considered be in line with national rates.” Assemblymember Irwin subsequently introduced AB 1999 to cap the IGFC at \$5 for CARE customers and \$10 for non-CARE customers; in other words, AB 1999 would revert AB 205 and restore the previous fixed charge caps.

Before turning to the IGFC proposals at the PUC and the Legislature, it is worth level-setting on what AB 205’s IGFC is and is not.

IGFC combines two elements of setting utility rates:

- Income graduation, which ties charges/rates to customer income, and
- Fixed charges, which bill a customer a set monthly amount regardless of energy use. Fixed charges are distinct from demand charges and volumetric charges, where there is a rate for a given unit of use (e.g., kw/month or kw/hour), and the amount billed each month varies with energy use. It is related to, but distinct from minimum bills, which set a floor on monthly residential charges but are otherwise incorporated into volumetric charges.⁷

The fixed charge authorized by AB 205 is limited to “collecting a reasonable portion of the fixed costs of providing electrical service to residential customers.”⁸ So it covers only:

- Utility fixed costs; in practical terms this means distribution service costs as distinct from energy costs (which are variable), or transmission costs (which are outside the PUC’s jurisdiction);
- Residential customers; IGFC does not affect other customer classes such as commercial and industrial.

IGFC further shall contain: “no fewer than three income thresholds so that a low-income ratepayer in each baseline territory would realize a lower average monthly bill without making any changes in usage.”

In sum, then, IGFC is a mechanism for PUC-regulated utilities to recover distribution costs from residential customers through fixed charges. Fixed charges, must vary by customer income, and must lower “average monthly bills” for low-income customers.

⁷ <https://www.pge.com/en/account/rate-plans/how-rates-work.html#accordion-c60b7c28ba-item-df54c23b22>

⁸ PU Code § 739.9(d).i

IGFC changes how customers pay for electric service, and by extension who pays how much for electric service. IGFC reduces the *marginal* cost of electricity, so higher users pay less, all else equal, while lower users will pay more. Lower marginal cost can incentivize electrification by making each additional unit of use less expensive to the customer. Overall revenue to the utility remains unchanged.

So much for what IGFC is. Now to what IGFC is not.

- IGFC is not a change to energy generation charges; it does not affect Ava's rates, which are only for energy generation.
- IGFC does not change how much IOUs can recover from customers. Utility revenue requirements remain at levels the PUC sets in general rate cases.
- IGFC is not a tax; IOUs collect and keep revenues from IGFC, not the government.

Against that backdrop it is possible to evaluate IGFC's customer impacts.

- IGFC proposals and their zero-day impacts on Ava Customers

The attached slide deck addresses competing IGFC proposals and their impacts in detail. The key takeaways from the analysis are that:

(1) proposals' impacts vary substantially in:

- (a) what percentage of customers benefit or do not and
- (b) the magnitude of the benefit or non-benefit;

(2) looking at the *distribution* of impacts is as or more important than looking at *average* impacts;

(3) on *average* Ava customers will pay more under all proposals; some are better off, some are worse off;

(4) the *distribution* of impacts varies by income group and by proposal, as does the magnitude;

(5) capping the maximum fixed charge, as AB 1999 contemplates, could have the paradoxical effect of increasing the percentage of low-income customers who are worse off under IGFC, but caps do minimize the dollar impact of the adverse impact. Thus caps can reduce the impact on customers who are worse off under IGFC, especially net metering customers.

- Next steps

As noted above, IGFC concerns only distribution, and does not affect Ava's energy rates. Notwithstanding, Ava staff have met with numerous parties to the PUC

proceeding, as well as PUC staff, the Governor's office, legislative staff, and academics to share Ava's analysis of IGFC proposals. There is a high likelihood that both what is in the PUC PD, and what is in AB 1999 will change from what we see today.

There is a nuanced conversation to be had here, beyond whether IGFC is *per se* good or bad. As noted earlier, IGFC reflects an attempt to encourage electrification by reducing marginal energy rates, to shift the cost burden for the distribution system away from low-income customers, and to align fixed costs with a fixed method of recovery rather than volumetric. In concept these goals are laudable, and variants of fixed charges (if not income graduated ones) are appearing nationwide. Ava staff are concerned, however, that the proposals here will not achieve these goals, and require different trade-offs among these and other goals. An IGFC could be structured so that all low-income customers are better off but with average non low-income customers being worse off. Encouraging electrification, for instance, stands at odds with traditional notions of conserving electricity. Moreover, as discussed in Ava staff's March regarding Load Management Standards, there is reason to question whether/to what extent residential customers respond to price signals.

Ava staff are sharing the attached impact analysis with key decisionmakers at the PUC, the legislature, and the Governor's office. Ava staff will continue to monitor IGFC proposals, share analyses with policymakers and interested parties, and update this analysis as alternatives arise.

Fiscal Impact

None

Attachments

IGFC Analysis April.ppt



Income graduated fixed charge bill impact analysis

April 2024





OPINION • Editorial

Income-based utility charges a foolish idea that should be terminated

WSJ | OPINION

World Business U.S. Politics Economy Tech Finance **Opinion** Arts & Culture Lifestyl

A Progressive California Epiphany Over Soaring Electricity Rates

Democrats want to repeal the graduated income tax on electricity they passed two years ago.

NRDC **Reforming CA's Electric Rates for Decarbonization and Equity**

ENERGY INSTITUTE BLOG

Rebalancing Rates for Electrification and Equity



News ▾ Opinion ▾ Food Arts & Culture ▾ Real Estate **The 650: Explore the Peninsula** Support Our Work ▾

The effort to fix California's electricity pricing

OP-EDS

Income-Based Utilities Plan Is the Most California Plan Ever

pV magazine

The income graduated fixed charges in California will harm customers with low electric bills

"The Governor is aware that the Public Utilities Commission is working diligently with dozens of stakeholders in its public decision-making process, and he looks forward to seeing a Commission proposal that is consistent with AB 205 when it is released."

**Gov. Newsom's Office
Statement**

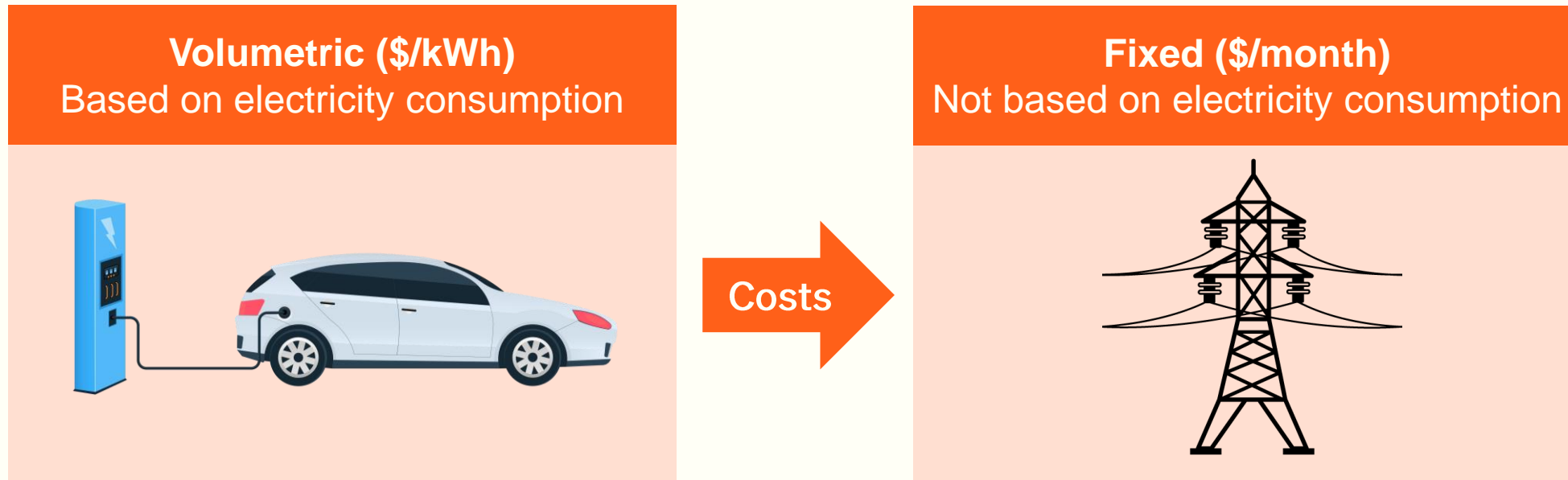




ELECTRICITY PAY BASED OFF INCOME?



What would an income graduated fixed charge do?



- Implementing an income graduated fixed charge would not increase the total amount of money the IOUs are allowed to charge customers.
- It shifts how and from whom existing costs are recovered by changing rate design.
- “Income graduated” means that higher income customers will face higher monthly fixed charges than lower income customers.

Why pursue an income graduated fixed charge?

- **Cost causation:** Improve “accuracy” of cost recovery
 - Fixed costs: interconnection, public purpose programs, regulatory compliance
 - Usage-based costs: fuel, purchased power
- **Electrification:** Reduce volumetric price (\$/kWh) to encourage consumption
- **Equity:** Reduce energy burden for lower income customers

Regulatory and legislative background

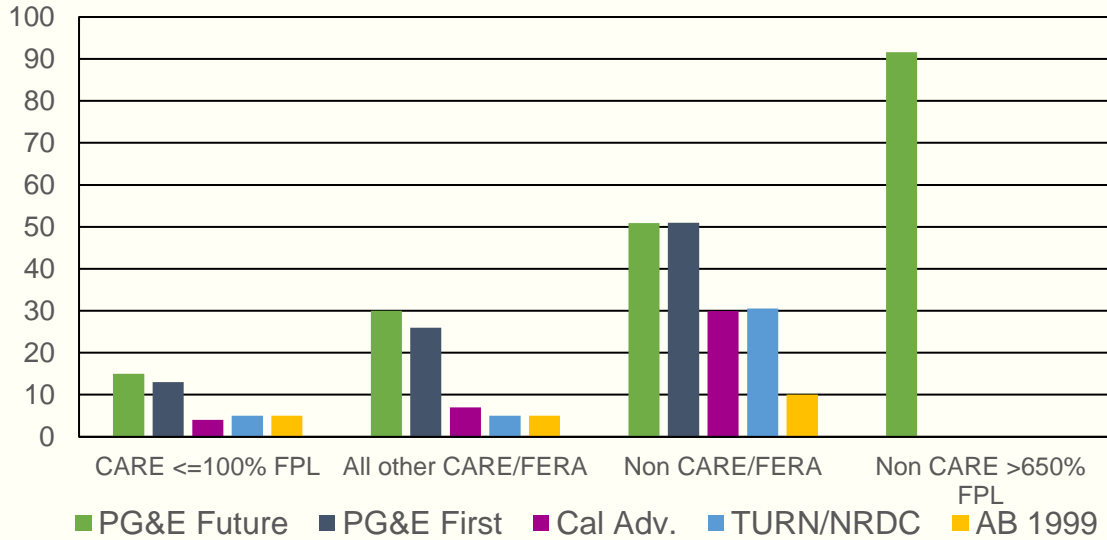
- **June 2022:** AB 205 passed, requiring an IGFC for residential rates by July 1, 2024
- **July 2022:** Demand Flexibility proceeding initiated at the CPUC, Track A dedicated to IGFC
- **April 2023 - Nov 2023:** Stakeholders submitted proposals for IGFC in Demand Flexibility
- **Feb 2024:** AB 1999 (Irwin) introduced, would cap fixed charges at \$5/care, \$10/non-CARE
- **March 2024:** CPUC issued a proposed decision
- **July 2024:** Deadline for CPUC to issue a final decision authorizing IGFC and setting implementation timeline

Analysis overview

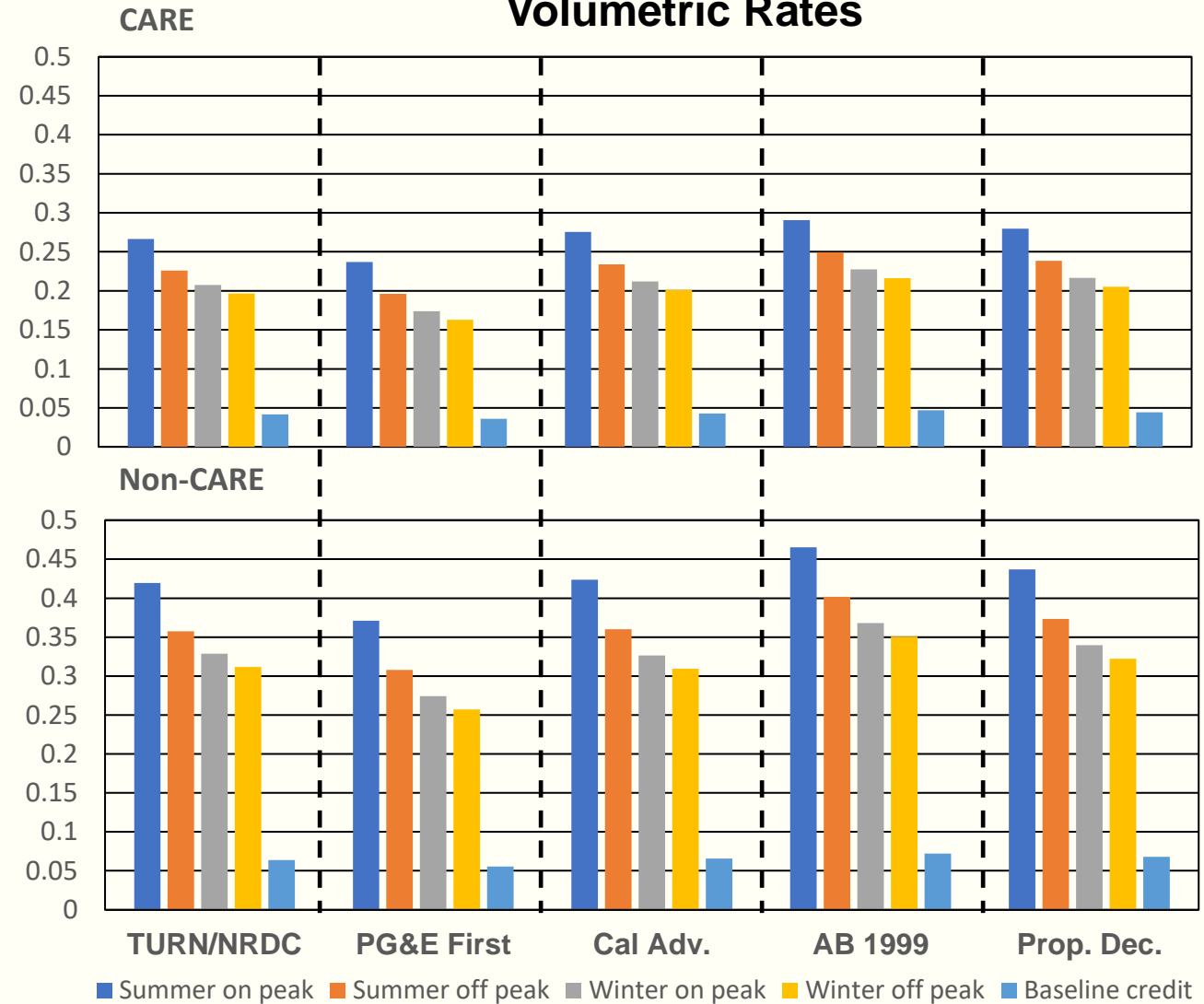
- Ava Community Energy (Ava) conducted an analysis to understand how Ava customers would fare under different Income Graduated Fixed Charge (IGFC) proposals.
- Ava examined proposals from PG&E, Cal Advocates, NRDC/TURN, AB 1999, and the CPUC's proposed decision, to determine:
 - Are there more customers who are better off (lower bills) or worse off (higher bills)?
 - By how much are those customers better or worse?
 - How do low-income customers and rooftop solar customers fare relative to other customers?

IGFC proposal rate comparison

Fixed Charges



Volumetric Rates



- Higher fixed charges lead to lower volumetric rates
- Charges/brackets proposed by the CPUC:
 - CARE: \$6
 - FERA: \$12.08
 - Non-CARE/FERA: \$24.15

Methodology/Assumptions

Methodology

- Current bill = current rates x customer usage
- IGFC bill = proposed rates x customer usage
- Δ = IGFC bill – current bill

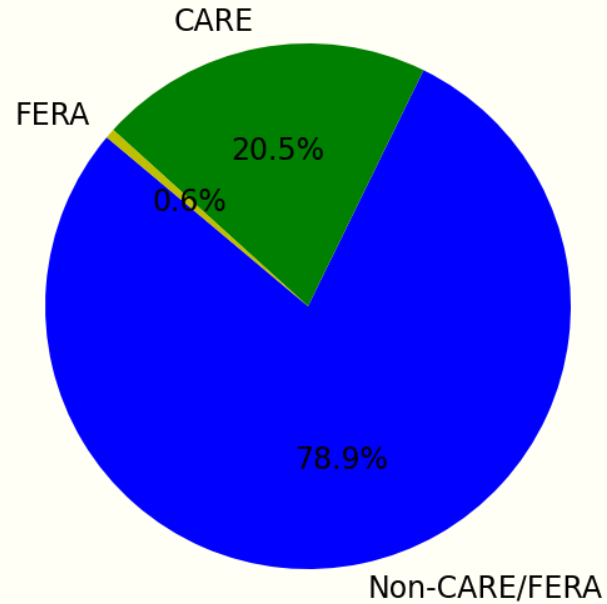
Assumptions

- **Time period:** Oct 2022 to Oct 2023
- **Customers:** E-TOU-C only
- **Customer price elasticity:** None
- **Rates:** Sourced from IOU/PAO testimony and E3 tool
- **AB 1999:** does not explicitly require the CPUC to enact \$5 and \$10 fixed charges. We assume the CPUC chooses to.

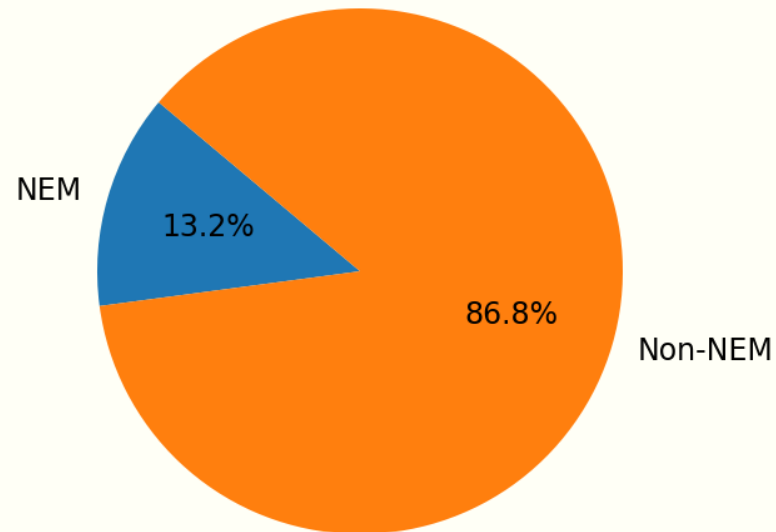
Analysis

Ava E-TOU-C customer demographics

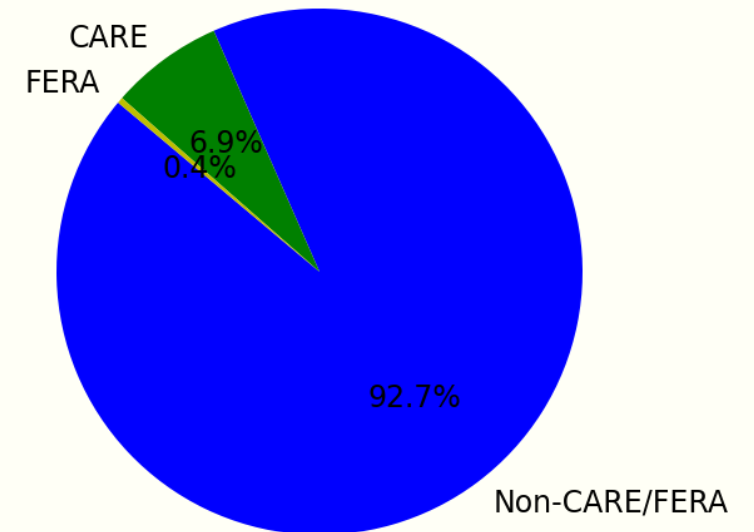
CARE/FERA Enrollment



NEM status

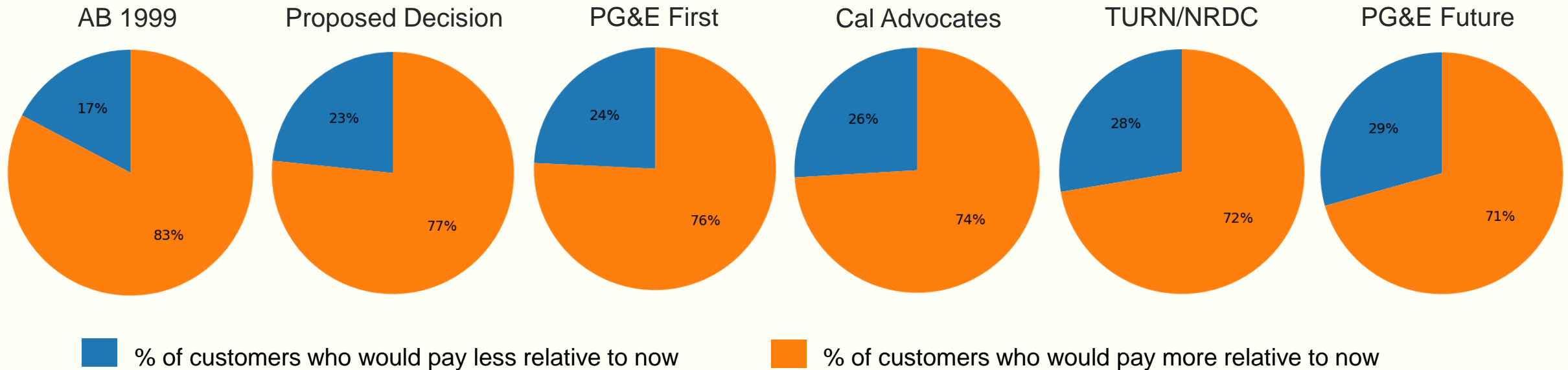


NEM customer income status



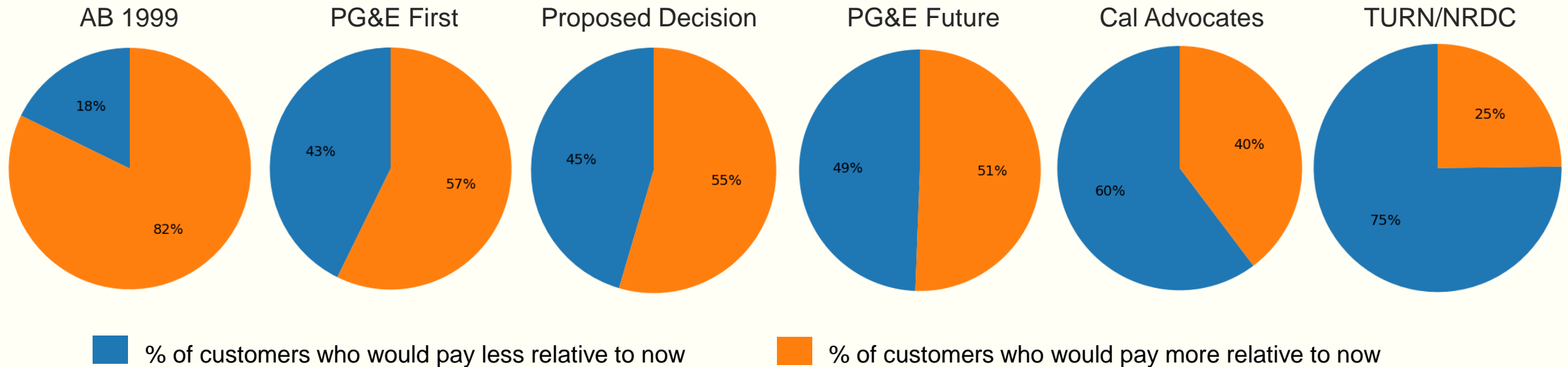
- On average, Ava's non-NEM E-TOU-C customers use **363 kWh** per month
- The average residential customer in California uses ~ **540 kWh** per month

Customer outcomes



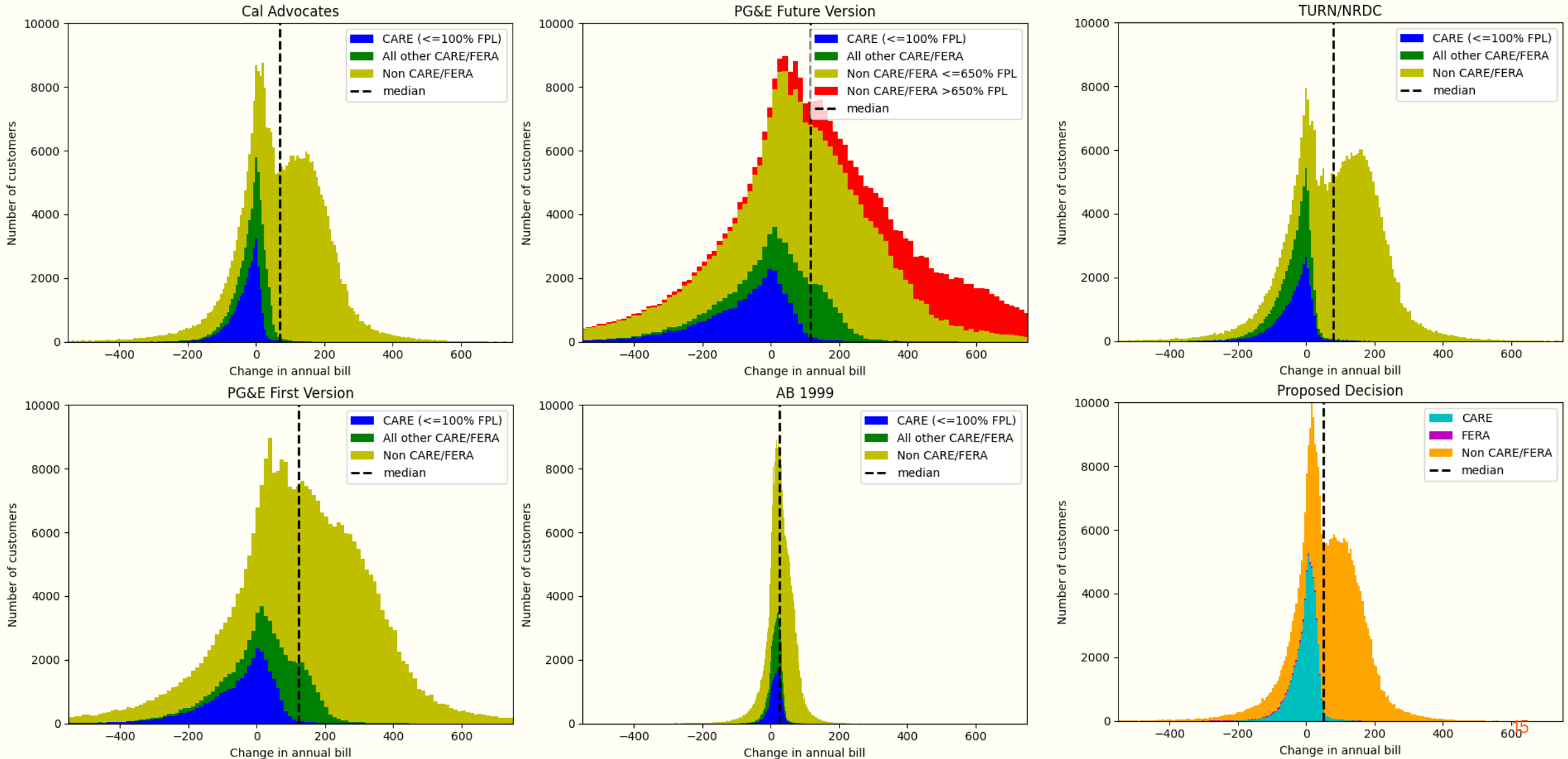
- Why do so many Ava customers have higher bills under IGFC?
 - Ava customers consume around 160kWh less than the average Californian per month
 - IGFC structurally benefits customers with high usage
 - Results could look different for other service territories with higher customer usage

CARE/FERA customer outcomes

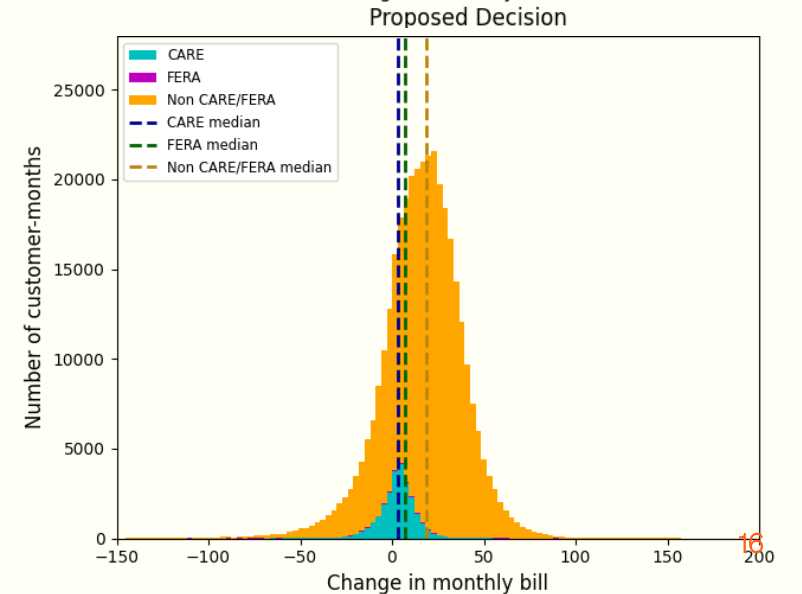
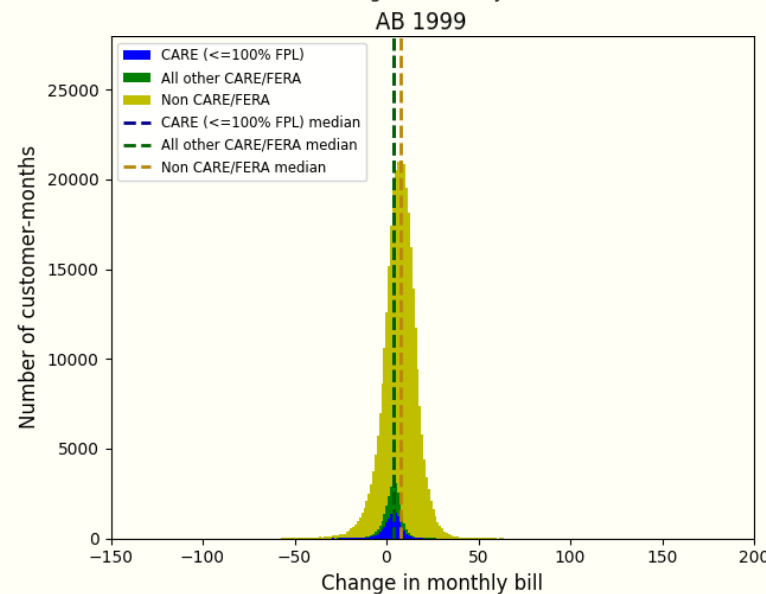
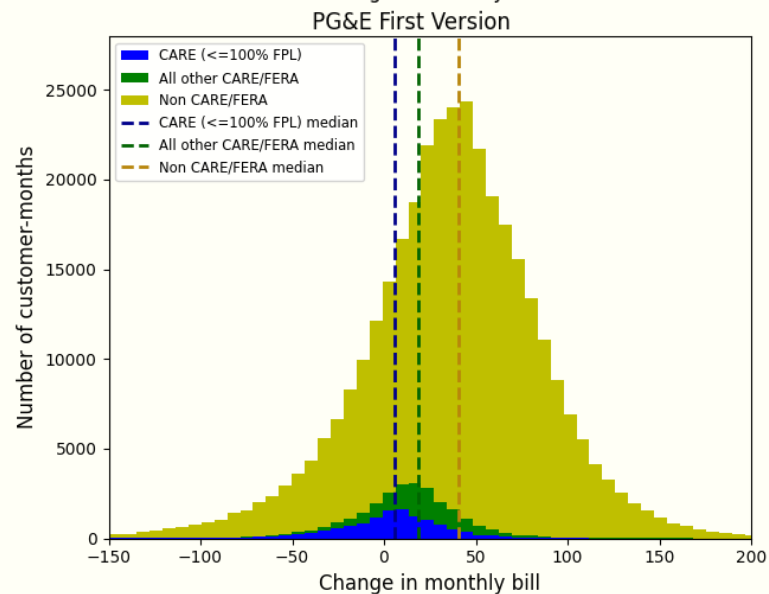
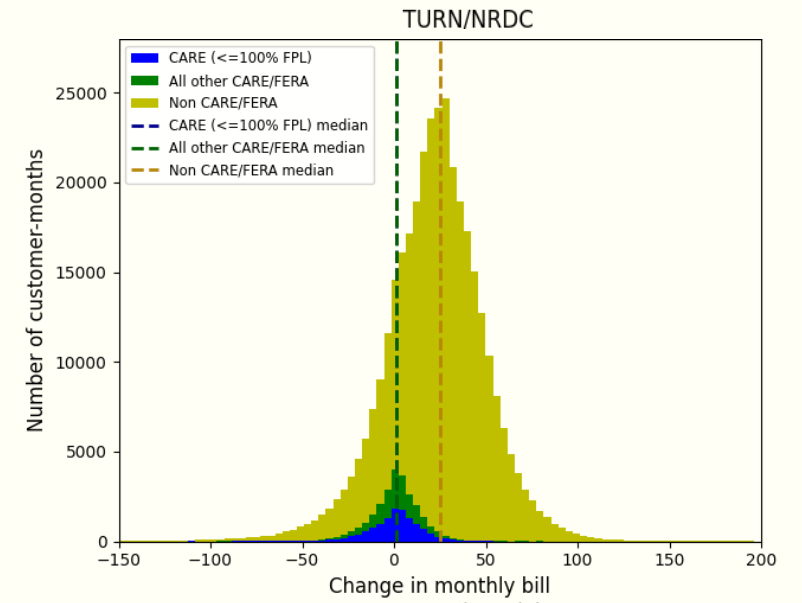
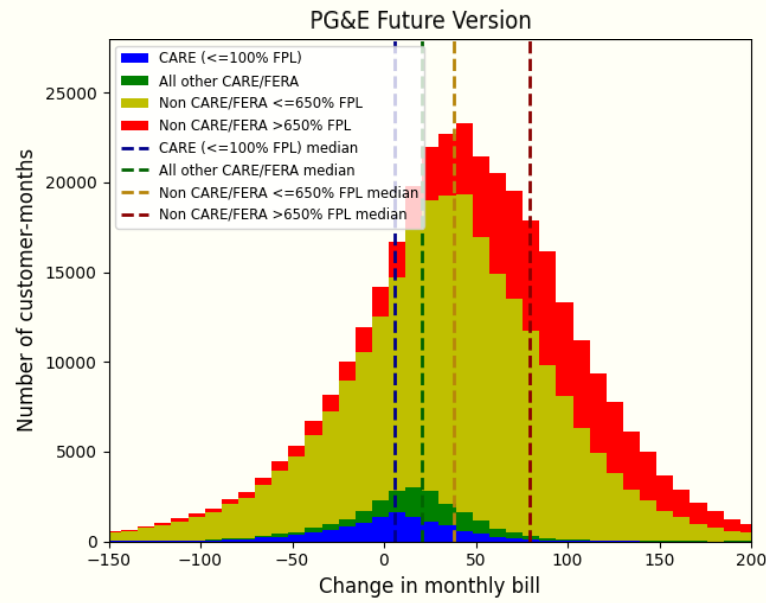
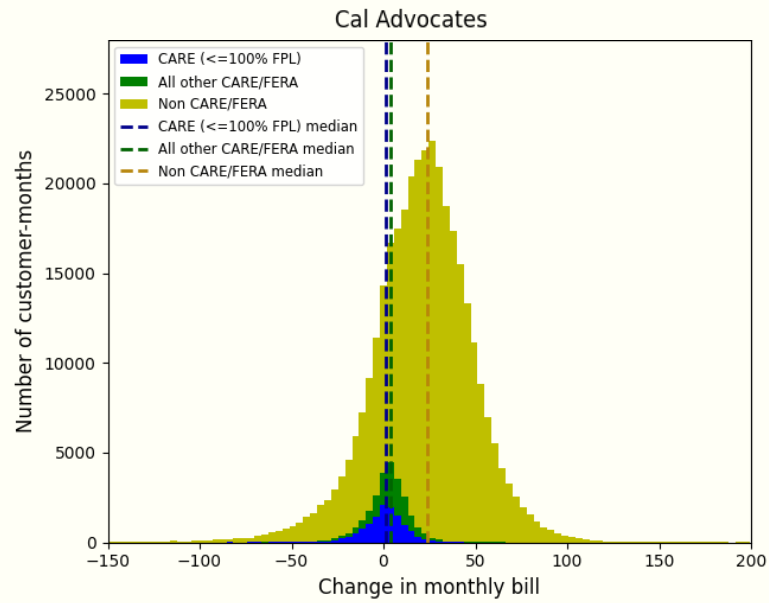


- The TURN/NRDC and Cal Advocates proposals are the only where most CARE/FERA have lower bills
- Both have high differentials between CARE and non-CARE fixed charges
- Both have low differentials (if any) between CARE/FERA < FPL and CARE/FERA > FPL brackets

Annual net bill impacts distribution

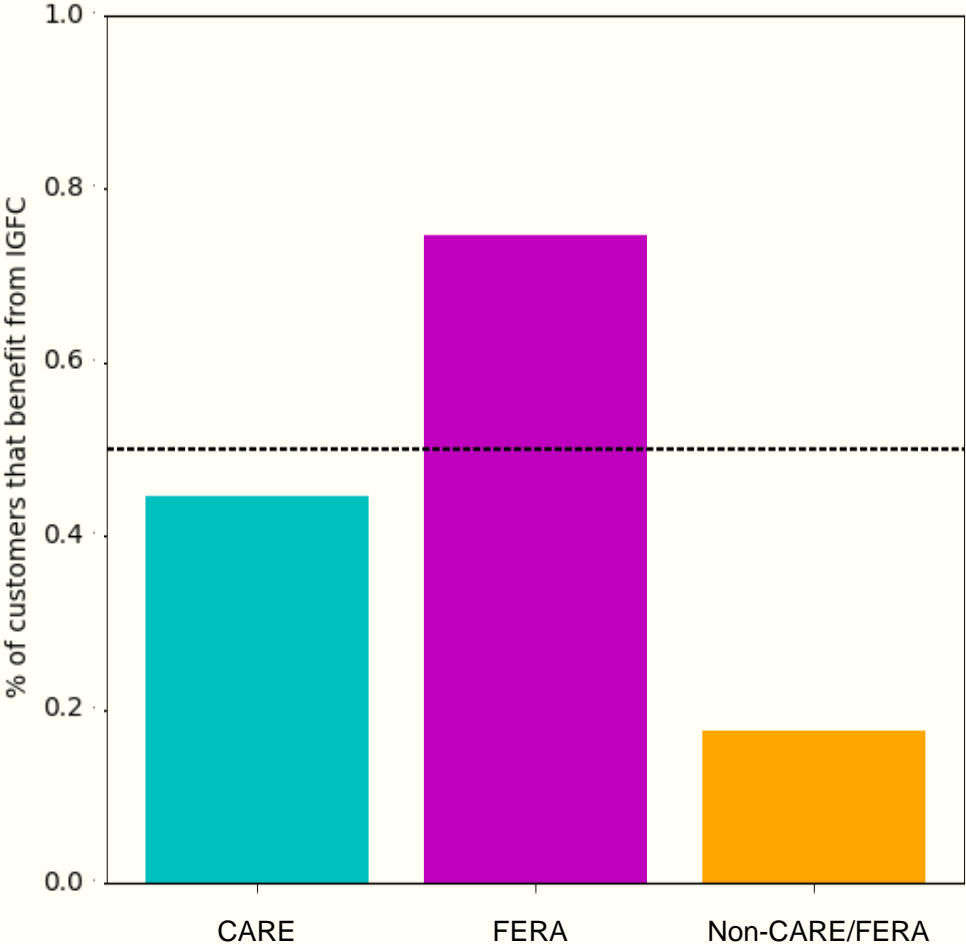


Monthly net bill impacts for NEM customers

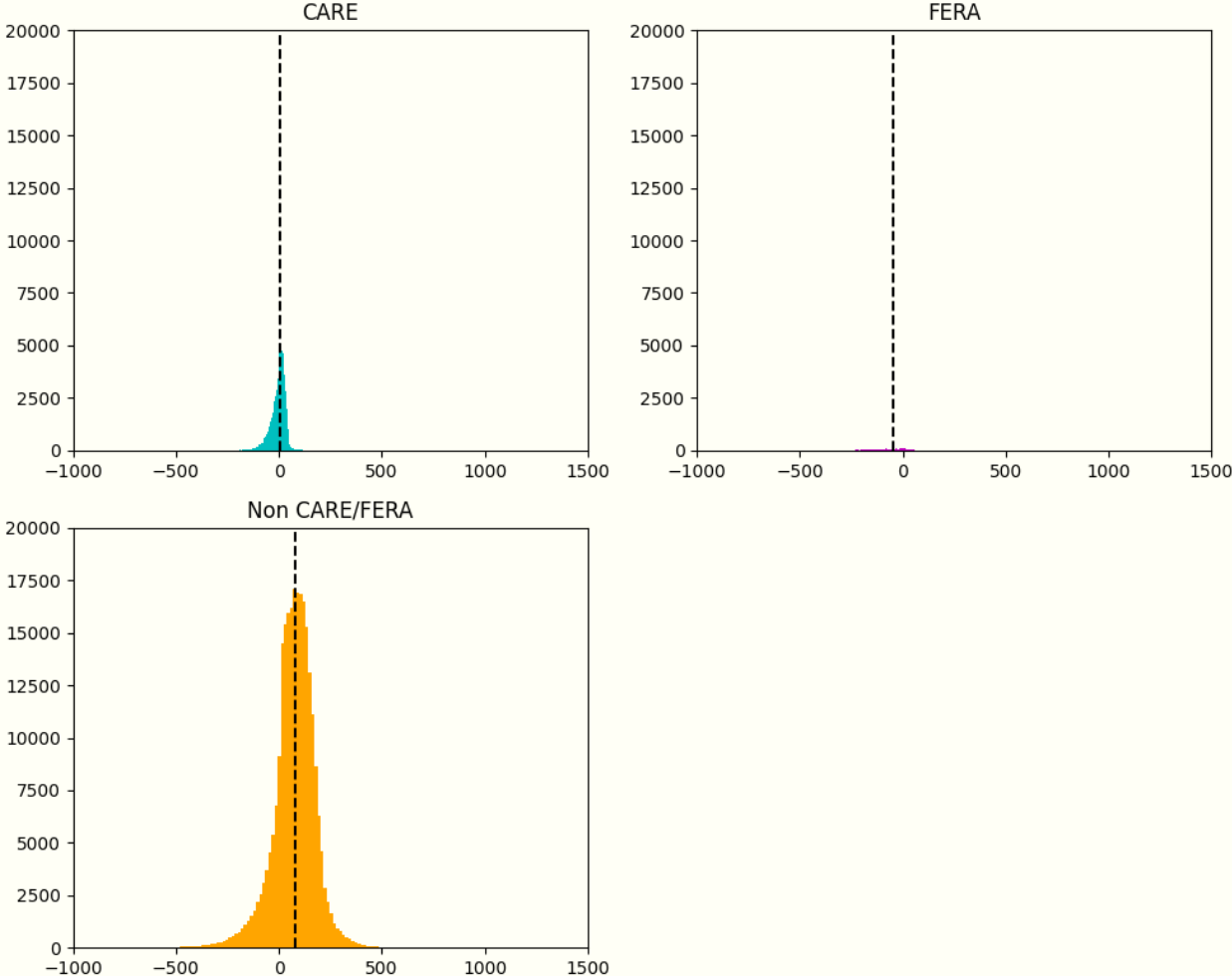


Breakdown of proposed decision

% Customers that Benefit IGFC



Annual Bill Impacts Breakdown



Conclusions

- Most Ava customers have higher bills under IGFC in all proposals analyzed
 - TURN/NRDC and Cal Advocates are the only proposals where most low-income customers save money
- Higher fixed charges for higher income customers lead to worse outcomes for rooftop solar but can improve outcomes for low-income customers
- Lower fixed charges result in a smaller magnitude of bill impacts, but don't necessarily increase the number of customers that save money under IGFC
- Because the IGFC benefits customers with high usage, Ava customers are at a structural disadvantage under IGFC due to lower usage today than other Californians
 - Usage may increase over time with electrification, improving customer outcomes
 - Ava is currently incorporating data from Stockton. Customers in the Central Valley may fare better due to higher consumption
- Ava customers may also be disadvantaged due to higher incomes compared to state average. The IGFC income brackets may not be appropriate for Bay Area cost of living:

- **CARE/FERA <= 100% FPL:** below \$25,000
- **All other CARE/FERA:** \$25,000-\$62,000
- **Non-CARE/FERA:** \$62,000-162,000
- **Non-Care/FERA >650% FPL:** above \$162,000

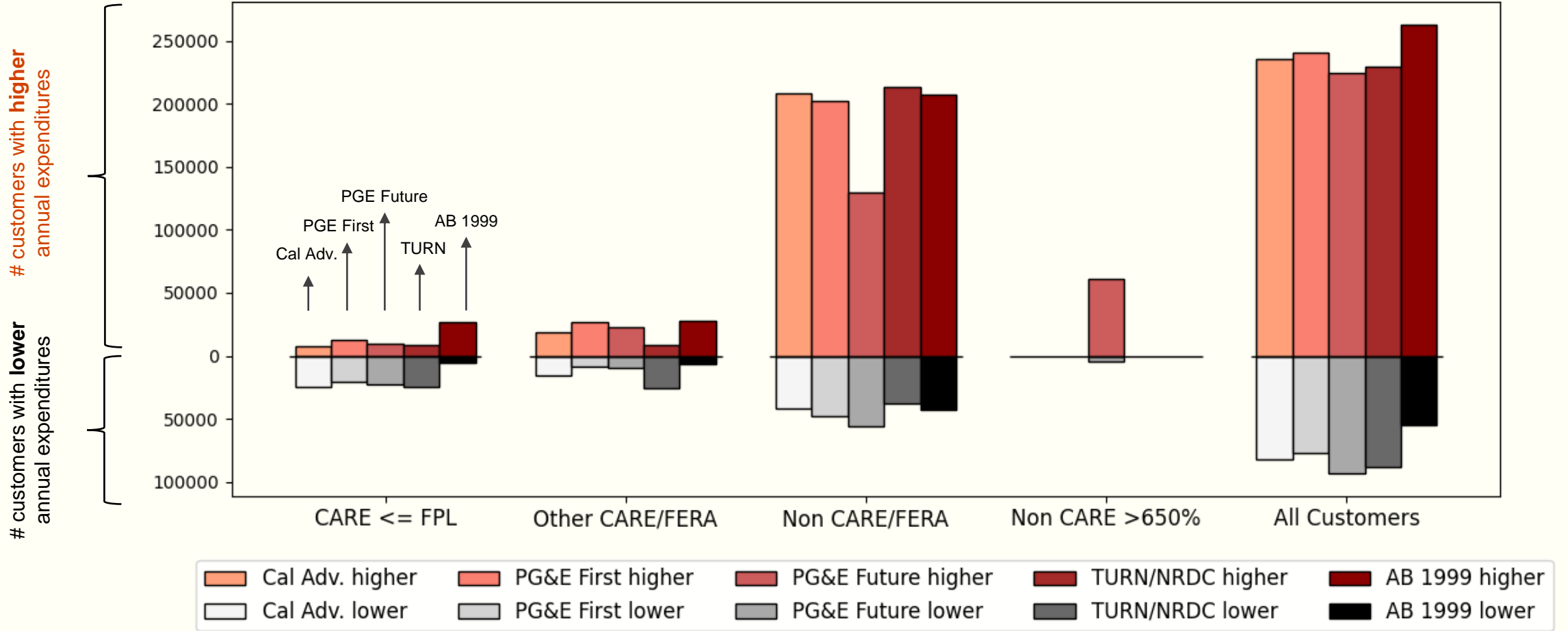
Next modeling steps

- Model proposed decision
- Incorporate Stockton data
- Assist other CCAs with analysis for their service territory

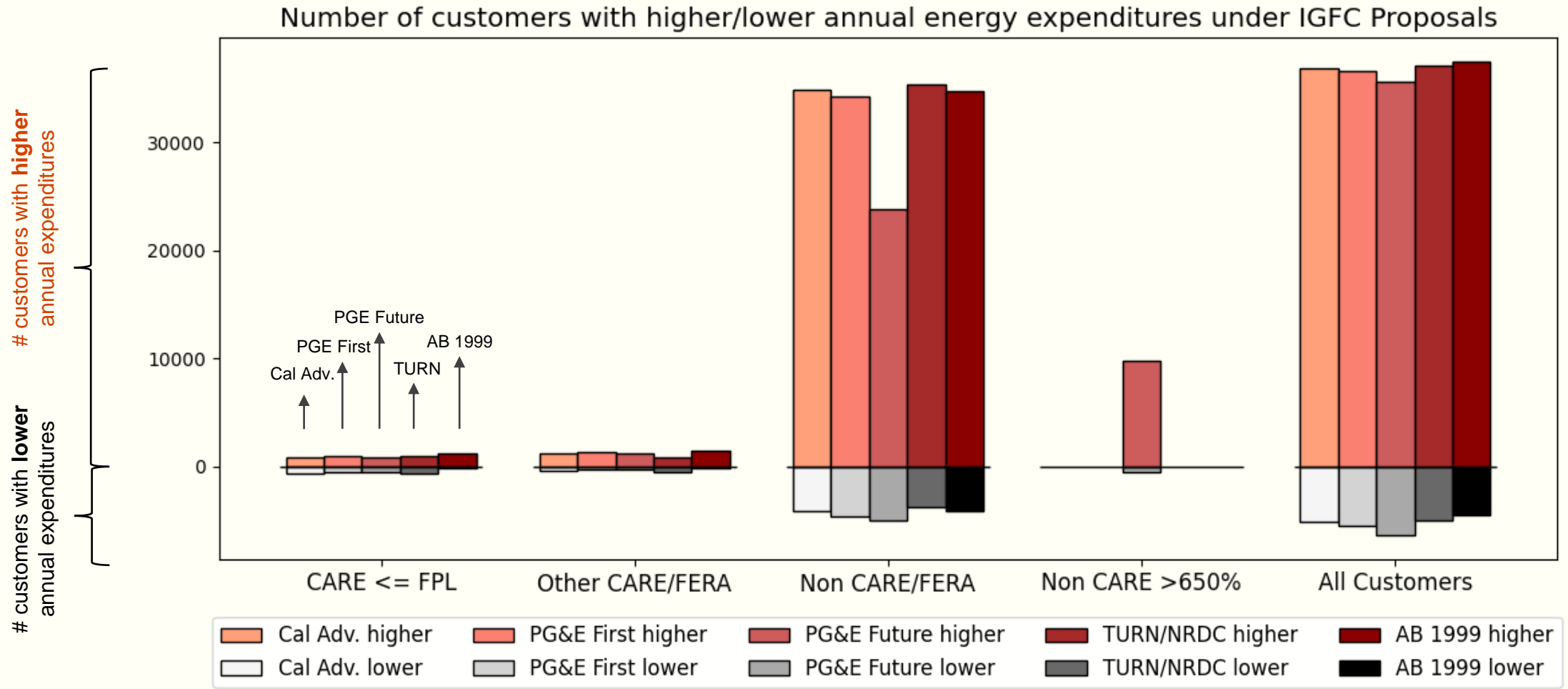
Appendix

Customer outcomes

Number of customers with higher/lower annual energy expenditures under IGFC Proposals



Rooftop solar customers outcomes



Sources

- Rates, current: [E3 Fixed Charge Tool](#) (link downloads the workbook)
- Rates, Cal Advocates: [Cal Advocates Demand Flexibility Opening Brief](#)
- Rates, PG&E First Version: [Supplemental Testimony of Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company Addressing Income-Graduated Fixed Charge Proposals. Joint IOUs' Exhibit 4](#)
- Rates, PG&E Future Version: [Joint Testimony of Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company \(the Joint IOUs\) Describing Income-Graduated Fixed Charge Proposals](#)
- Rates, TURN/NRDC: [Joint Opening Brief of the Utility Reform Network and the Natural Resources Defense Council on Phase 1 Track A Issues Relating to the First Version Income-Graduated Fixed Charges](#)
- Alameda poverty statistic: [S1701, 2022 American Community Survey 1-Year Estimates](#)
- Average residential consumption in California: [EIA 2020 Residential Energy Consumption Survey \(RECS\)](#)
- Overview of first vs. future proposals: [Joint IOU Demand Flexibility Opening Brief](#)
- June 19 Ruling: [Administrative law Judge's Ruling on the Implementation Pathway for Income-Graduated Fixed Charges June 19, 2023](#)



Staff Report Item 17

TO: Ava Community Energy Board of Directors

FROM: Kelly Brezovec, Senior Director of Account Services

SUBJECT: **Solar Billing Plan Tariff Policy recommendations**

DATE: April 17, 2024

Recommendation

Approve a Resolution adopting a Solar Billing Plan (SBP) Tariff Policy for solar customers, also known as a Net Billing Tariff (NBT).

Background

Ava Community Energy regulatory staff has been tracking the NEM 2.0 successor tariff and presented on major developments at the [December 2022 Board of Directors meeting](#). Staff returned to the [September 2023 Board of Directors meeting](#) to provide a history of the NEM tariffs and the Net Billing Tariff, and most recently the [November 2023 Executive Committee meeting](#) to introduce Ava's planned proposal.

Net Billing Tariff (NBT) is the successor to NEM 2.0. Rather than receive the retail rate for generation that is exported to the grid, customers receive compensation at a new Avoided Cost Calculator (ACC) rate, also called the Energy Export Credit (EEC). The ACC is a tool used by the California Public Utility Commission (CPUC) to determine the value of onsite solar and other distributed energy resources. The ACC varies by the hour and the month. Spring and summer mid-day ACC compensation rates are the lowest while late summer early evening prices are the highest. ACC pricing is aligned with historic California Independent System Operator, or CAISO, energy demand and availability.

The policy proposed by the CPUC and adopted by PG&E includes an Avoided Cost Calculator Plus (ACC Plus) adder, in the form of a credit in cents per kilowatt-hour exported, which is available to residential SBP customers who interconnect from 2023 to 2027. The value for the ACC Plus adder will decrease by 20 percent annually over five years, as shown in the table

below, until the adder reaches zero in 2028. The ACC Plus value applicable to a given customer will be based on the customer’s first calendar year of interconnection and will remain constant for a customer for nine years from the customer’s Permission to Operate (PTO) date. The credit value is higher for low-income customers who are enrolled in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs or reside in a disadvantaged community or Indian Country. The ACC Plus does not apply to residential new construction that is required per State building code to install solar, as these are “involuntary” system installations. It also does not apply to non-residential customers. Note that the ACC Plus may also be referred to as the “Energy Export Bonus Credit.”

Table 1: ACC Plus, or Energy Export Bonus Credits

	Residential \$/kWh	Low Income \$/kWh
2023	\$0.022	\$0.090
2024	\$0.018	\$0.072
2025	\$0.013	\$0.054
2026	\$0.009	\$0.036
2027	\$0.004	\$0.018

Implementation Schedule

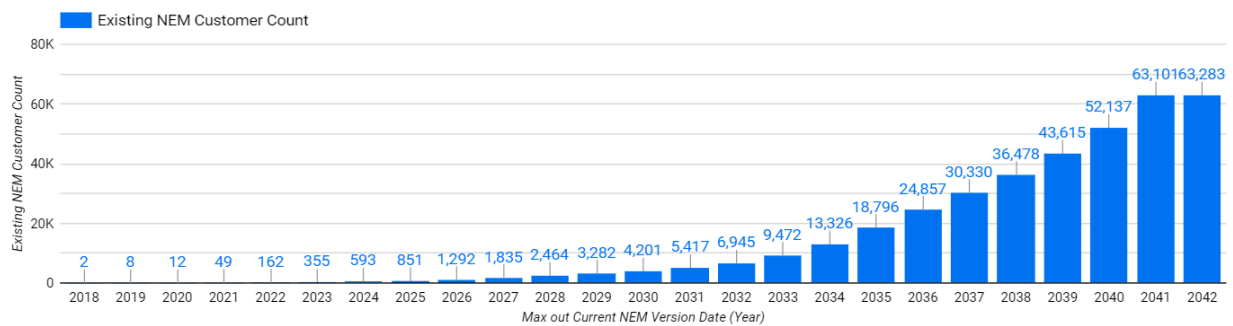
There are two groups of customers that will initially be eligible for SBP:

1. Customers that completed their self-generation application after April 14, 2023 will be automatically placed on SBP.
2. Customers that have completed 20 years on NEM 1.0, and eventually 20 years on NEM 2.0, will transition to SBP at their next PG&E delivery true-up.

Given the complexities of this new tariff, PG&E’s billing systems were not initially ready to bill on SBP, and SBP operations were delayed from an original start date of December 2023. PG&E just recently implemented SBP residential billing operations in April 2024 and plans to implement SBP commercial billing in June 2024. Ava will monitor PG&E’s implementation and begin transitioning customers to SBP for generation service when billing systems are ready. Ava staff will send notices to transitioning customers before their transition and host a webinar to review the new solar billing plan tariff policy before it is implemented. Existing NEM customers will remain on their current tariff until they have reached their 20-year legacy period.

For reference, Figure 1 depicts the movement from our existing NEM customers to the new Solar Billing Plan tariff, based on the 20-year legacy period. The majority of Ava’s current NEM customers will not transition to SBP until 2037 or later.

Figure 1: Charting Ava customers’ transition dates, NEM 1.0 and 2.0 to Solar Billing Plan



Ava SBP Policy Proposal

Staff proposes to implement SBP, largely mirroring PG&E’s structure - with three major differences as listed below and followed by additional detail. Staff expect to launch SBP when the billing operations are built and tested to ensure customers have a smooth transition.

1. Solar + Storage Incentive Program
2. CARE/FERA export bonus credit
3. Peak hours export bonus credit

First, SBP lends itself to paired solar and storage installations, as the customer can use their own excess energy later in the evening. Ava staff is exploring program opportunities to provide customers with enhanced value from installing a battery to store their renewable, locally generated electricity based on the capacity of the battery installed. The program will provide benefits to Ava customers in the form of cost savings resulting from active battery management as well as upfront and ongoing capacity-based payments for use of battery storage. Program design is under development and is discussed in more detail in the April 17, 2024 staff report item “Solar and Storage Battery Program”.

Second, all SBP CARE/FERA Ava customers - including those transitioning from NEM 1.0 and 2.0, or those customers who were required to add solar to meet the California building code for new housing - will be eligible for a \$0.01 per kWh Ava bonus credit for all exported energy. Note that this is on top of the Energy Export Credit Bonus that new installations will receive.

Third, all remaining SBP Ava customers, again, including those transitioning from NEM 1.0 and 2.0, or those customers who were required to add solar to meet the California building code for new housing and including non-residential customers - will be eligible for a \$0.025 per kWh export bonus credit during the Ava peak hours of 3-8 pm, 7 days a week.

Staff proposes the Ava bonus structure will be in place for five years, from 2024 to 2029. In contrast with the IOU’s glidepath, this bonus structure is flat for five years, which allows Ava to learn more about customer installation patterns and behaviors under SBP and to develop our

robust battery storage capacity-based incentive program. After 2029, Ava may step down or remove this bonus credit.

Table 2: Comparison between Energy Export Bonus and Ava Bonus Credit

	Energy Export Bonus Credit (SBP base plan)	Ava Bonus Credit - CARE/FERA (Proposed)	Ava Bonus Credit - Peak Hours (Proposed)
Implementer	PG&E Ava	Ava	Ava
Customer Segment	Residential customers with new voluntary solar installation after April 14, 2023	All CARE/FERA SBP customers Residential, voluntary or involuntary install, new or transitioning from NEM 1.0/2.0	All SBP customers, non-CARE/FERA Residential, commercial, voluntary or involuntary install, new or transitioning from NEM 1.0/2.0
Timeframe	Applies to customers who install solar in the first 5 years of the new SBP program (2023-2027); the rate is locked in for 9 years	5 years (2024 – 2029); Ava tariff will include a provision to edit or remove after the 5-year period	5 years (2024 – 2029); Ava tariff will include a provision to edit or remove after the 5-year period
Structure	- Value of credit goes down by 20% each year within the 5-year period to incentivize going solar sooner - CARE/FERA customers receive a higher credit	- Flat credit for energy exports at all hours - On top of Energy Export Bonus credit, if applicable	- Flat credit for energy exports between Ava peak hours of 3-8 pm - On top of Energy Export Bonus credit, if applicable
Amount	Varied, from \$0.004 to \$0.090 per kWh	\$0.01 per kWh	\$0.025 per kWh (3-8 pm)

Fiscal Impact

With the Ava Peak Hours Bonus Credit scenario outlined above, non-CARE/FERA customers will receive an additional \$20 in annual credits and CARE/FERA customers will receive an additional \$45 in annual credits through the Ava CARE/FERA Bonus Credit.

Table 3: Estimated annual credits for excess generation

	CARE/FERA, new voluntary installation	Non- CARE/FERA, new voluntary installation	CARE/FERA, NEM transition or mandatory install	Non-CARE/FERA, NEM transition or mandatory install
Base SBP	\$481	\$236	\$167	\$163
SBP + Ava Bonus Credit	\$525	\$257	\$211	\$184

The value for commercial, or non-residential, customers is not as meaningful to model, as system size and usage is highly variable.

Overall, five years of the Ava Bonus Credits will mean an additional \$8.4M in customer credits provided to customers for solar production, with the bulk of those credits being applied to excess generation during the Ava peak demand period of 3-8 pm. The Ava Bonus Credits support agency interests in incentivizing peak energy reduction and helping our low-income customers.

Table 4: Annual Export Generation Costs under Solar Billing Plan Scenarios

	2024	2025	2026	2027	2028	Total
Base SBP	\$4,579,619	\$7,824,747	\$12,228,903	\$16,572,929	\$20,394,958	\$61,601,157
CARE/FERA	\$820,571	\$1,396,707	\$2,172,137	\$2,926,022	\$3,555,654	\$10,871,091
Non- CARE/FERA	\$3,759,048	\$6,428,040	\$10,056,766	\$13,646,907	\$16,839,304	\$50,730,066
SBP + Ava Bonus Credit	\$5,227,403	\$8,982,844	\$13,898,276	\$18,755,731	\$23,099,998	\$69,964,251
CARE/FERA	\$1,011,016	\$1,736,504	\$2,661,738	\$3,565,624	\$4,344,755	\$13,319,637
Non- CARE/FERA	\$4,216,387	\$7,246,339	\$11,236,539	\$15,190,107	\$18,755,243	\$56,644,615

As shown in Figure 1, existing NEM customers will transition to SBP each year, with 2,500 NEM customers transitioning to SBP by 2028. The estimated annual credits shown in Table 4 are based on these transitioning customers and estimated new SBP installations.

Next Steps

Following approval by Ava's Board of Directors, staff will implement billing operations to issue customer bills on Solar Billing Plan, with the first bills expected in summer 2024. Customers that

transition to SBP will receive communications via direct mail and email from Ava describing the new billing methodology, including information about contacting our customer support team and referencing our website and updated Frequently Asked Questions. Ava staff will also host a webinar before the Solar Billing Plan is implemented to review the updated solar policy with customers.

Attachments

- A. A Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the Adoption of the Solar Billing Plan Tariff Policy
- B. Solar Billing Plan Tariff Policy
- C. Presentation

RESOLUTION NO. R-2024-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE ADOPTION
OF THE SOLAR BILLING PLAN TARIFF POLICY

WHEREAS The Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava desires to implement a tariff called the Solar Billing Plan for new solar installations that align compensation for excess generation with market and grid needs; and

WHEREAS Ava desires to retain Ava customers through the positive financial incentives of an Ava Bonus Credit structure; and

WHEREAS PG&E started to serve customers on the Solar Billing Plan in April 2024, and Ava prefers to reduce customer confusion by billing customers on the same tariff.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Adopt the Solar Billing Plan Tariff Policy, attached to the staff report associated with this resolution, establishing a new tariff for solar customers, subject to any minor revisions approved by Ava’s legal counsel.

ADOPTED AND APPROVED this 17th day of April, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board



Solar Billing Plan Tariff Policy

Policy Number:
Approval Date:
Agenda Item:
Approved by Resolution:

APPLICABILITY: This Solar Billing Plan (SBP) tariff is applicable to a customer (hereinafter “eligible customer generator” or “customer”) who uses an eligible Renewable Electrical Generation Facility, as defined in PG&E’s Electric Schedule Net Billing Tariff (NBT) or Virtual Net Billing Tariff (NBTV) (<http://www.pge.com/tariffs>).

This rate schedule is available on a first-come, first-served basis to customers who provide PG&E with a completed PG&E NBT Application and comply with all PG&E NBT requirements as described in PG&E Electric Schedule NBT or NBTV, including load aggregation generating/ aggregated accounts. Residential SBP customers must take service on the E-ELEC (ELECTRIC HOME) rate schedule; customers that qualify for PG&E’s NBTV tariff may take service on any open applicable time-of-use rate schedule. Non-Residential SBP customers may take service on any open applicable time-of-use rate schedule.

TARIFF COMPONENTS:

RATES: All rates charged under this schedule will be in accordance with the eligible customer generator’s otherwise-applicable Ava rate schedule and Ava service plan (i.e. Bright Choice, or Renewable 100).

Compensation for energy exported to the grid will be based on the Solar Billing Plan Energy Export Credit values and applicable bonus credit values in accordance with this tariff, as described in section “SUPPLEMENTARY CREDITS.”

BILLING: Customers with SBP service will be billed as follows:
Energy the customer receives from Ava Community Energy will be billed at the retail rate of their otherwise-applicable Ava rate schedule and Ava service plan.

Overgeneration, or energy sent from the customer’s photovoltaic system to the grid, will be credited at the values indicated at <https://www.pge.com/energyexportcredit>, which are based on the

Avoided Cost Calculator, also known as the Energy Export Credit values. Supplementary credits for energy exports may apply, as explained below.

ELIGIBLE RENEWABLE FACILITY: An eligible Renewable Electrical Generation Facility must operate within the capacity limits described in PG&E’s Electric Schedule NBT or NBTV, and must be located on the customer’s owned, leased, or rented premises, must be interconnected and operate in parallel with PG&E’s transmission and distribution systems, and should be intended primarily to offset part or all of the customer’s own electrical requirements.

SUPPLEMENTARY CREDITS:

ACC Plus, or Energy Export Bonus Credit

An Avoided Cost Calculator Plus (ACC Plus) adder, in the form of a credit in cents per kilowatt-hour exported, is available to residential SBP customers who interconnect from 2023 to 2027. The values for the ACC Plus adder will decrease by 20 percent annually over five years, as shown in the table below, until the adder reaches zero in 2028. The credit value is higher for low-income customers who are enrolled in the California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) programs or reside in a disadvantaged community or Indian Country. The ACC Plus value applicable to a given customer will be based on the customer’s first calendar year of interconnection and will remain constant for a customer for nine years from the customer’s Permission to Operate (PTO) date. The ACC Plus may also be referred to as the “Energy Export Bonus Credit.”

The ACC Plus adder may be a discrete line on the customer’s utility bill. The ACC Plus adder will apply to all energy exports (kWh) to the grid. Unused credits will rollover to future bills.

Ava will receive customer ACC Plus eligibility characteristics from PG&E.

The ACC Plus is not available to:

- (i). Customers transitioning from the NEM/NEM2 tariff to NBT tariff at the end of their legacy period;
- (ii). Customers who have purchased a building with an existing system (Change of Party Customers);
- (iii). Non-Residential Customers; and
- (iv). Customers who are required to add solar (e.g., by California’s building code).

Table 1: ACC Plus, or **Energy Export Bonus Credits**

Interconnection Year	Residential \$/kWh	Low Income \$/kWh
2023	\$0.022	\$0.090
2024	\$0.018	\$0.072
2025	\$0.013	\$0.054
2026	\$0.009	\$0.036
2027	\$0.004	\$0.018

Ava Bonus Credit

All Ava SBP customers (including non-residential SBP customers and residential customers who are not eligible for ACC Plus) will also receive the appropriate Ava bonus credit until their final billing cycle in 2029. Ava may modify or remove the supplementary credits starting with the first billing cycle in 2030 and will update this tariff by December 31, 2029.

Table 2: **Ava Bonus Credits**

	Non-CARE/FERA residential and non-residential	CARE/FERA residential
Credit Amount	\$0.025 per kWh	\$0.01 per kWh
Time of Day to Apply Credit	3-8pm everyday	24 hours a day, every day

The Ava Bonus Credit may be a discrete line on the customer's utility bill. The Ava Bonus Credit will apply to energy exports (kWh) to the grid during the applicable hours. Unused credits will roll over to the next bill.

True-up and Cash-out

SBP customers will receive a statement in their monthly PG&E bills indicating any accrued charges for their usage during the current billing cycle. Customers who have accrued credits during previous billing cycles will see these credits applied against current charges.

a) Monthly Settlement of Ava Charges/Credits:

SBP customers will receive a statement in their monthly PG&E bills indicating any accrued charges for their usage during the current billing cycle. Customers who have accrued credits during previous billing cycles will see these credits applied against current charges. Any remaining balance is due and must be paid during each monthly billing cycle.

b) Ava Cash-Out:

During the April billing cycle of each year, all current Ava SBP customers with a cash-out credit balance of more than \$100 will be offered a direct payment by check for this balance. Any cash-out credit balance will be determined as of the final date of the customer's March- April billing cycle (i.e. the first bill period ending on or after April 1). Customers who participate in the Ava Cash-Out or transfer process will have an equivalent credit removed from their SBP account balance at the time of check issuance or transfer. In the event that a customer's credit balance is less than \$100, such credits will continue to be tracked by Ava and will remain on the customer's account for future use (i.e., reduction of future Ava charges).

NSC Provision, Applied to Cash-out

NET SURPLUS COMPENSATION (NSC): Pursuant to P.U. Code Sections 2827 (h)(3), this Special Condition was established to provide a NEM customer having Net Surplus Electricity (defined as all electricity generated by an eligible customer measured in kilowatt-hours over a Relevant Period that exceeds the amount of electricity consumed by that eligible customer), with Net Surplus Compensation for the Net Surplus Electricity. This benefit is extended to SBP customers pursuant to Decision (D). 22-12-056.

A SBP customer who has Net Surplus Electricity will be known as a Net Surplus Generator.

a. NSC Applicability – All bundled Net Surplus Generators that satisfy the conditions in the Applicability Section of this tariff and take service under this rate schedule are eligible to receive NSC at the end of the Relevant Period, i.e. at the time of their true-up. This includes Net Surplus Generators on schedule NBTV and sub-schedules NBTA, NBT-S, NBT-EXP, NBT-PS and NBTEXP-OTR. An NBT-MT Net Surplus Generator is also eligible to receive NSC but only for the one or more generators at the same metered account eligible for billing treatment under Special Condition.

b. The NSC Rate – The NSC Rate is defined as the simple rolling average of PG&E's default load aggregation point (DLAP) price from 7 a.m. to 5 p.m., for a 12-month period. Ava shall use the NSC Rate as the value of the electricity portion of its net surplus compensation rate. PG&E will calculate the NSC Rate each month. It will be effective on the first day of that month and Ava will use it in the NSC Calculation for any Net Surplus Generators with a Relevant Period completed in that month (True-Up Month).

c. Compensation applied for surplus generation - If the customer has net surplus electricity, the kilowatt hours of net surplus electricity will be debited from the customer's account at a rate equal to PG&E's average real world retail export compensation rates for all NBT customers in their service territory over the past 12 months. This reduces the credit amount by the approximate value of export credits already provided for the same surplus energy. The customer will then be credited at the NSC rate described in (b) above for the same number of kilowatt hours of net surplus electricity. Customers will receive their NSC annually in April following the "Ava Cash-Out" process outlined above.

Return to PG&E Bundled Service or Account Closure

Ava customers with SBP service may opt out and return to PG&E bundled service at any time. Customers should be advised that PG&E will perform a true-up of their account at the time of return to PG&E bundled service, and that PG&E's standard terms for transitional rates apply to customer returns with less than a six-month advance notice if they have been an Ava customer for 60 days or more.

If an Ava SBP customer opts out of the Ava program and returns to PG&E bundled service, or closes their account with PG&E, Ava will cash-out any remaining generation credits on the account (using the approach detailed in the True-up and Cash-out section above) and mail a check to the billing address. The \$100 minimum for a check does not apply to closed or opted out customers.

PG&E SBP Services

Ava SBP customers are subject to the conditions and billing procedures of PG&E for their non-generation services, as described in PG&E's Electric Schedule NBT and related PG&E tariff options addressing SBP service. Customers should be advised that while Ava settles out balances for generation, PG&E will continue to assess charges for delivery, transmission and other services. Customers are encouraged to review PG&E's most up-to-date NBT tariffs, which are available from PG&E.



Solar Billing Plan Policy Proposal

Board of Directors meeting
April 17, 2024



1. Introduction
2. Base Solar Billing Plan
3. Proposed Ava SBP
4. Fiscal Impact - Customer
5. Fiscal Impact - Ava
6. Recommendation



Introduction

Solar Billing Plan Refresher

- SBP is the successor to NEM 2.0. Rather than receive the retail rate for generation that is exported to the grid, customers receive compensation at a new Avoided Cost Calculation (ACC) rate, called the Energy Export Credit (EEC).
- The EEC rate better aligns with the value of onsite solar and other distributed energy resources.
- EEC rates vary by the hour and the month. Spring and Summer mid-day EEC prices are the lowest while late summer early evening prices are the highest.

Eligibility and Timeline

- Applies to customers with signed interconnection agreement after April 2023 or after 20-years with NEM 1.0/2.0 service
- PG&E's billing operations for residential customers has been delayed.
 - It had been scheduled for release in December 2023 and now will be online in April 2024
 - Non-residential customer SBP release in June 2024
 - Until the billing system is ready, PG&E will continue to bill SBP-eligible customers on NEM
 - Ava will hold customers on NEM 2.0 until both PG&E and Ava billing is operational



Base Solar Billing Plan: CPUC/PG&E Glidepath

Recipients:

- New, voluntary residential installations that begin service eligible for SBP

Bonus structure:

- Value is provided to the customer for nine years
- Value is locked, based on the installation year
- Bonus is zero for installations starting in 2028

	Residential \$/kWh	Low Income \$/kWh
2023	\$0.022	\$0.090
2024	\$0.018	\$0.072
2025	\$0.013	\$0.054
2026	\$0.009	\$0.036
2027	\$0.004	\$0.018



Ava Solar Billing Plan

Staff proposes to implement SBP, largely mirroring PG&E's structure - with three major differences:

1. Solar + Storage incentive program
2. CARE/FERA export bonus credit
3. Peak hours export bonus credit



Solar + Storage Incentive Program: Capacity-Based Battery Storage Program

Benefits of Paired Solar + Storage with SBP

- Customers limit their excess exports, saving their daytime surplus to use during higher priced evening hours
- Potential peak load management for Ava

Ava can help encourage battery storage with solar installations

- Ava staff is exploring program opportunities to compensate customers with upfront and ongoing capacity-based payments for use of battery storage

Program Proposal discussed in more detail in a separate item



Proposed Ava Bonus Credits

Recipients

- All SBP customers

Structure

- Constant credit, applied through EOY 2028
 - Tariff written to allow for modification starting in 2029
- CARE/FERA customer bonus credit is applied on all exports
- Non-CARE/FERA bonus credit is applied to exports during Ava's peak hours of 3-8pm
 - Encourages exports when they are most valuable to all Ava customers

Customer Group	Bonus Credit	Application
Residential CARE/FERA	\$0.01	All exports
Resi + non-Resi Non-CARE/FERA	\$0.025	Exports between 3-8pm



Ava Bonus Credit Duration

The Ava Bonus Credits as proposed will be in place for five years, through EOY 2028. By 2029, staff expects to use SBP data to better understand:

- Solar installation patterns, including rate of install and size of system
- Energy use behaviors
- Battery storage characteristics, such as size, usage patterns, and installation rates



Customer Financial Impacts – Annual Credits for Exports

	CARE/FERA, new voluntary installation	Non-CARE/FERA new voluntary installation	CARE/FERA transitioning or required install	Non-CARE/FERA transitioning or required install
Base SBP	\$481	\$236	\$167	\$163
SBP + Ava Bonus Credit	\$525	\$257	\$211	\$184

Figures here are based on an average residential customer, exclusive of battery storage and Ava's upcoming battery storage program



Ava Financial Impacts – Credits Provided for Exports

	2024	2025	2026	2027	2028	Total
Base SBP	\$4.6M	\$7.8M	\$12.2M	\$16.6M	\$20.4M	\$61.6M
CARE/FERA	\$0.8M	\$1.4M	\$2.2M	\$2.9M	\$3.6M	\$10.9M
Non-CARE/FERA	\$3.8M	\$6.4M	\$10.1M	\$13.6M	\$16.8M	\$50.7M
SBP + Ava Bonus Credit	\$5.2M	\$9.0M	\$13.9M	\$18.8M	\$23.1M	\$70.0M
CARE/FERA	\$1.0M	\$1.7M	\$2.7M	\$3.6M	\$4.3M	\$13.3M
Non-CARE/FERA	\$4.2M	\$7.2M	\$11.2M	\$15.2M	\$18.8M	\$56.6M



Summary of Recommendations

Implement Solar Billing Plan with:

- A planned capacity-based battery storage incentive program
- A constant, five-year long Ava Bonus Credit available to all SBP customers:
 - CARE/FERA customers receive an extra \$0.01 per exported kWh
 - Non-CARE/FERA customers receive an extra \$0.025 per exported kWh between 3-8pm



Next Steps

- Following approval, staff will:
 - Implement billing operations for Solar Billing Plan
 - Summer 2024
 - Develop collateral to share with customers as they transition to SBP
 - Direct-to-customer pieces
 - AvaEnergy.org FAQ updates
 - AvaEnergy.org/NEM webpage updates



Thank you!

Kelly Brezovec

Senior Director, Account Services

Kbrezovec@avaenergy.org

Online

avaenergy.org

Phone

1.833.699.3223

Email

customer-support@avaenergy.org

Social

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Staff Report Item 18

TO: Ava Community Energy Authority

FROM: Andy McElroy, Solar & Storage Associate

SUBJECT: Solar and Storage Incentive Program

DATE: April 17, 2024

Abstract

Ava recommends implementing a battery incentive program for residential installations and resilience hubs with upfront and ongoing incentives. The Program enrollment period would be 5 years long, with ongoing performance payments paid over a five-year term after installation. Upfront incentives will be covered by up to 40% of forecasted revenue surplus for 2023-2024 fiscal year. The ongoing performance payments are paid for with savings from the NEM2.0 to SBP transition and will be budgeted for annually starting with the upcoming FY24/25 budget. The transition from NEM2.0 to SBP reduces customer savings from installing solar by ~\$215/customer/year. Ava will re-direct these funds to the solar and storage incentive program to maintain the customer value of installing local solar at levels similar to NEM2.0.

Background and Discussion

Context

April 2023 saw the sunset of NEM 2.0 in California, such that all new PV installations no longer receive 1:1 credits for kilowatt-hours exported to the grid. The item, Solar Billing Plan (SBP) Tariff Policy recommendations on the April 2024 Board of Directors item addresses Ava's proposed approach to managing this change.

New PV installations under SBP are not as financially beneficial as the main benefit from a PV-only system come during the day when the sun is energizing the PV

modules. See Table 1 below which illustrates how value of exported energy changes under SBP. Ava’s proposed SBP export bonuses will recover some of that value for stand-alone solar systems. Ava’s solar and battery incentive is meant to provide additional compensation to solar-paired batteries such that the customer is in a similar financial situation as they would have been under NEM2.0.



Table 1: Value of solar export under NEM and SBP tariffs

Ava’s Board of Directors allocated 40% of Ava’s forecasted 2023-2024 revenue surplus, or approximately \$20MM, to support solar and storage installations across residential customers (market rate and CARE + FERA) and community-benefiting Resilience Hubs. This amount is based on the projected revenue surplus for 2023-2024, pending final determination of that surplus amount. Once audited financials are available in Q3 2024, the final budget will be confirmed. Note that this 40% (estimated ~\$20MM) allocation is to cover the upfront incentive payments.

Resolution No R-2023-2 from January 17, 2023 Board Of Directors Meeting:

To move forward with the Finance, Administrative, and Procurement subcommittee’s recommendation where 60% of the unallocated budget surplus is to be dedicated to on-bill credits with some portion specifically applied to CARE and FERA customers and the remaining 40% is to be allocated for incentives for net-billing tariff projects with an emphasis on resilience development.

Program Proposal

The proposed program structure and initial incentive levels are described below, staff will have administrative ability to adjust incentive levels in response to market conditions and participation rates as more is learned after program deployment and will keep the Board apprised of any changes.

The program will have incentives split up into upfront and ongoing payments to encourage both initial enrollment and continued battery participation. Incentives will be allocated as follows.

- 50% of budget surplus (~\$10MM) for upfront incentives for CARE/FERA residential customers & Resilience Hubs:
 - Residential - CARE/FERA:
 - \$10,000 at PTO per battery (the definition of a single “battery” will be refined with program development)
 - \$2.00 / kWh / mo of battery capacity paid monthly that Ava, via its DERMS provider, can verify battery operation and ongoing participation in Ava’s demand load management activities.
 - Resilience Hub
 - \$400/kWh upfront incentive. For the purposes of allocation modeling, \$80,000 at PTO for a 200 kWh capacity battery was used, or \$40,000 for a 100 kWh battery, etc. The total number and size of Resilience Hubs is unknown and dependent on individual community projects yet to be developed. One of Ava’s goals is to create as much resilience in our service market as possible. As such, Ava will evaluate a system cap to avoid a few projects consuming the majority of funding. For modeling purposes, a 200 kWh cap would allow for 87 Resilience Hubs participating in the incentive at that size.
 - \$2.00 / kWh / mo of battery capacity paid monthly that Ava, via its DERMS provider, can verify battery operation and ongoing participation in Ava demand load management events.
- 50% of budget surplus (~\$10MM) for upfront incentives for Residential – market rate customers:
 - \$1,250 at PTO per battery (the definition of a single “battery” will be refined with program development)
 - \$2.00 / kWh / mo of battery capacity paid monthly that Ava, via its DERMS provider, can verify battery operation and ongoing participation in Ava demand load management events.

Customer Value Overview:

Residential Market Rate

- \$2,690 in incentives
- Bill reduction from improved battery optimization during peak rate times

Residential CARE/FERA

- \$11,440 in incentives
- Bill reduction from improved battery optimization during peak rate times

Payment requirements - Ava's DERMS must be able to confirm successful battery operation for TOU arbitrage and grid value. The DERMS provider will ensure that that batteries are optimized for current rates and will require participation in a limited number of dispatch events which will be established prior to Program launch and customer enrollment.

Payment mechanism - Ava will develop an incentive payment process with its selected DERMS provider, and plans to pay incentives to customers once the solar and storage system is operational.

Program Implementation Overview

The solar and storage incentive program implementation requires adding staff and contracting with a DERMS platform to provide solar asset management software and program administration support.

In the first quarter of 2024, Ava recruited a Distributed Energy Resources (DERs) Associate to support the program. The DERs Associate, Forrest Csulak, began work at Ava in late March 2024, supporting the solar and storage program development as well as the launch of a DERMS platform.

A DERMS platform is required to support this program as it will allow Ava to remotely confirm the presence of a battery, monitor battery performance, ensure batteries are operating optimally, and provide an opportunity for Ava to coordinate participants' battery operations for maximum grid benefit. Ava is currently negotiating with a DERMS vendor to provide this software, and Local Development staff will present on this topic at an upcoming Board of Directors Meeting.

Program administration support will be provided by the DERMS vendor to enable online program enrollment, develop more specific program requirements such as an approved equipment list, calculate and pay enrolled customers, and provide customer support for enrollment and device connection/reconnection. Program administration support is also

currently being negotiated, and Local Development Staff will also be presenting on this topic at an upcoming Board of Directors meeting.

To launch the program, Ava will need to both engage in more detailed program development as well as finalize contracts for DERMS software and program administration support. As the timelines for these activities are planned, Ava will have more insight into a launch date. Ava is working toward a launch date in late 2024, and will also plan to return to the Board of Directors in Fall 2024 to provide an update on the timeline for program launch.

Fiscal Impact

Fiscal impacts will result from three separate sources: upfront incentive payments for program participants, ongoing performance payments for program participants, and administration costs.

Program Costs - Upfront incentive payments will come from the 40% FY'23-24 budget surplus, estimated at \$20MM. Ongoing battery performance payments will be derived from the savings of transitioning from NEM2.0 to SBP, which is approximately \$215/customer/year. Ongoing performance payments will be based on program enrollment and ongoing participation and will be budgeted for during the annual budgeting process.

Administrative costs are estimated at ~\$2MM for the proposed 10-year program duration and were previously approved in the FY'24 Local Development budget.

Attachments:

- A. Presentation



2024 Ava Solar + Storage Incentive Program



Program Overview

Background

- April 2023: NEM 2.0 sunset in California, limiting the value to customers of PV-only installations
- April 2024 Staff proposal to update NEM Policy to implement Net Billing Tariff
- December 2023: Ava's Board directed 40% of forecasted 2023-2024 revenue surplus toward solar and storage-related programs
- Staff reviewed preliminary Solar and Storage incentive program design at March Executive Committee

Proposed Program Overview

- **Budget:** 40% of budget surplus for upfront incentives (budget estimated to be ~\$20MM), ongoing performance payments funded with NBT savings
- **Duration:** 5-year enrollment period, with ongoing incentives paid for 5 years after installation
- **Launch Date:** Targeting late 2024. We'll come back to the board for final program approval



Program Design: Incentive Structure

CARE/FERA Customers + Resilience Hubs

- 50% of upfront incentive budget
- Upfront Incentives:
 - CARE/FERA: \$10,000 per battery
 - Resilience Hubs: \$400/kWh
- Ongoing performance payments for battery management:
 - \$2/kWh of battery capacity paid monthly
- Customer total value over 5-years
 - CARE/FERA: est. \$11,440*
 - Resilience Hub: est. \$104,000*

Market Rate Residential

- 50% of upfront incentive budget
- Upfront Incentives:
 - \$1,250 per battery
- Ongoing performance payments for battery management:
 - \$2/kWh of battery capacity paid monthly
- Customer total value over 5-year program: est. \$2,690*



* based on 12kWh residential battery and 200kWh resilience hub battery size for representative purposes only

Program Capacity and Design

Program Enrollment Capacity	
Market Rate Residential	7,680
CARE/FERA	328
Resilience Hubs	87

The program will be open to all Ava residential customers and Resilience Hubs* subject to the Net Billing Tariff, including:

- New PV + new battery customers
- Existing PV + new battery customers
- Existing PV + existing battery customers

Batteries must connect and maintain connectivity to Ava's Distributed Energy Resource Management System (DERMS) to be eligible for upfront and ongoing incentives.

Resilience Hub battery installation projects may be capped by capacity to ensure that multiple resilience hubs of varying sizes across Ava's service territory can benefit.

*Resilience Hubs will be defined for Program Participation

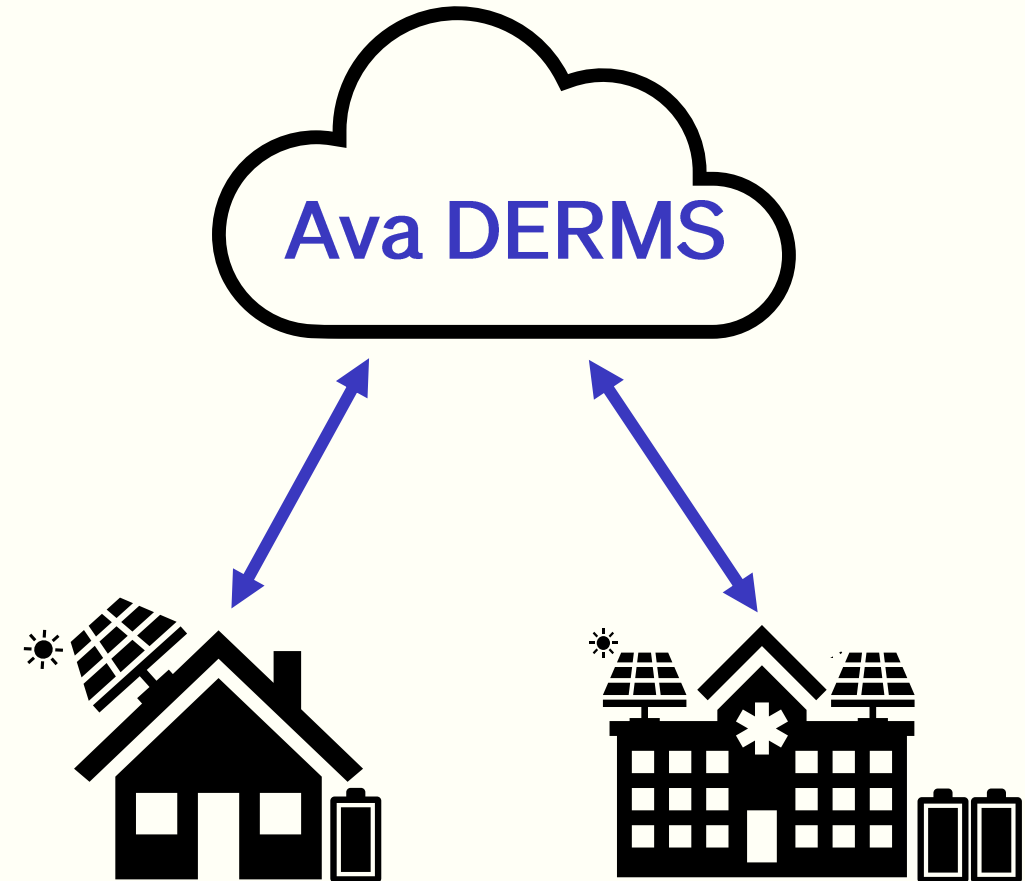


Interaction with Ava's DERMS

Ava's new DERMS will help facilitate this program by serving these three primary roles:

1. **Eligibility Check:** Verify initial battery installation and continued connectivity.
2. **Battery Optimization:** Optimize customer batteries for current rates; with ability to dispatch batteries in a coordinated way for grid benefit.
3. **Administration Support:** Enable online program enrollment, refine specific program requirements, handle ongoing enrollment incentive payments, and manage customer technical support.

Ava is actively contracting with a DERMS provider and will seek the Board's approval at a future meeting. Ava will continue working with the solar industry to develop battery dispatch rules



Program Benefits

How will this benefit the customer?

- CARE/FERA customers: Initial upfront incentive would cover roughly half the upfront cost of a solar and storage system, or almost all of a battery-only installation. Funds allocated are sufficient to significantly increase CARE/FERA solar installations.
- Resilience Hubs: Upfront and ongoing payments would increase energy storage capacity, deepening energy resilience at hub locations.
- Market rate residential customers: participating in the program will increase customer savings and will recover lost savings from transitioning from NEM2.0 to NBT

How will this benefit the grid?

- More customers with optimized charging and discharging strategies will reduce grid strain during peak hours.
- Controllable battery capacity will give Ava more flexibility to respond to grid emergencies + will provide customers with opportunities to participate in grid management programs beyond Ava's in the future.



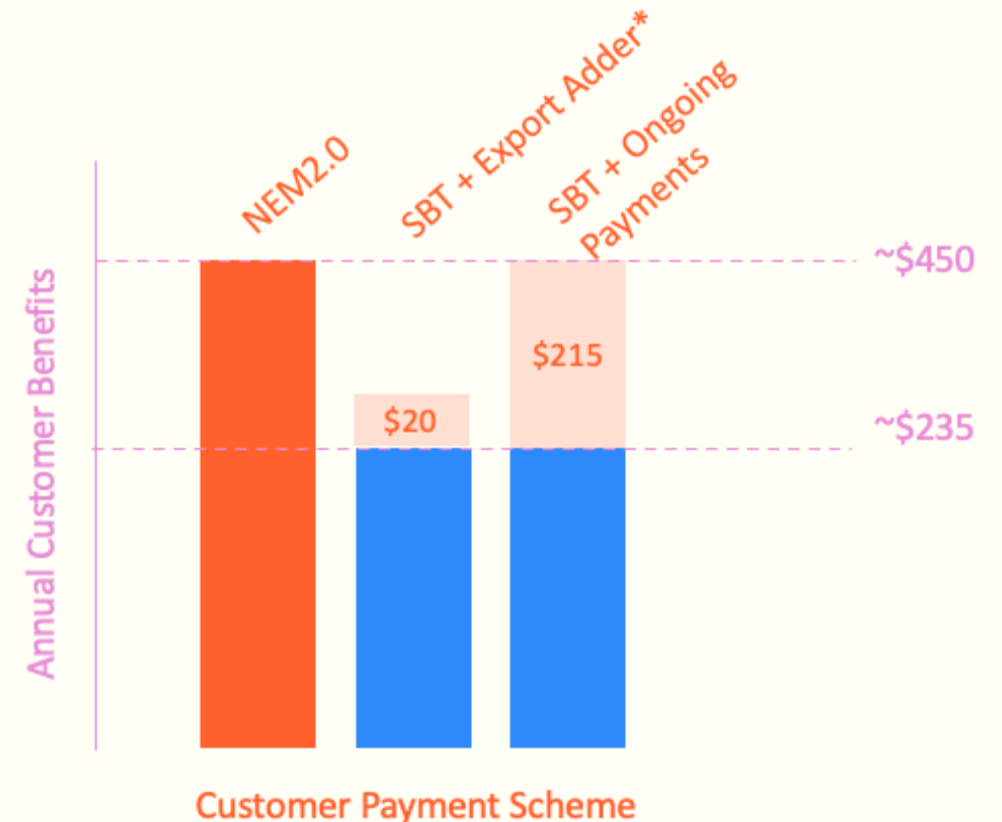
Budget Funding

Upfront Incentive:

- 40% of the FY 23-2024 budget surplus, ~\$20M
- Ava will finalize Program budget once audited financials are complete in October 2024

Ongoing Performance Incentive:

- Transition from NEM2.0 to NBT reduces customer savings from installing solar by ~\$215/customer/year. Ava will redirect these funds to the ongoing performance incentive in this program to maintain the customer value of installing local solar at levels similar to NEM2.0.
- With full ongoing battery participation, Ava would provide \$7.8M in performance payments over 10 years.
- Ava staff will include a budget request for ongoing participation payment funding as a part of the upcoming FY24/25 budget process.



*Exports with batteries will be lower than stand alone solar



Thank you!



Online

AvaEnergy.org

Phone

+1 833.699.3223

Email

customer-support@AvaEnergy.org

Social

[PoweredWithAva](#)



Staff Report Item 19

TO: Ava Community Energy Authority

FROM: Theresa McDermit, Head of Marketing

SUBJECT: Consulting Services Agreement with True North, Inc.

DATE: April 17, 2024

Recommendation

Approve a Resolution authorizing the CEO to negotiate and execute a Consulting Services Agreement with True North, Inc., to provide integrated campaign planning and execution services to the Ava Direct Current Fast Charging (DCFC) program, including generating consumer insights through research, developing and executing awareness and demand generating integrated campaigns, and designing and implementing a loyalty program strategy. The term of the Agreement will be through June 30, 2026, with compensation and pass through payments not-to-exceed an amount of \$2,000,000.

Background and Discussion

As previously reported to the Board, Ava Community Energy is building a network of 24/7 publicly accessible electric vehicle (EV) fast charging stations to:

- Enable the transition to EVs for all residents, especially renters;
- Support JPA member cities' Climate Action Plan targets around transportation-related emissions reductions;
- Enable our service area to reach CA state mandates for zero-emissions vehicles.

In anticipation of the launch of the first tranche of stations, on November 30, 2023, Ava issued a Request for Proposal for Go-to-Market Strategy and Marketing Plan Development & Execution for Ava's DC Fast Charging Network. The RFP specified two

distinct phases of work. Respondents were invited to bid on either the first phase (“Go-to-Market Strategy”) or second phase (“Marketing Plan Development and Execution”) of work, or on the full scope. Seven firms or consortiums of firms responded with proposals, which were reviewed and scored by a team of Ava Marketing and Local Development staff. Five respondents were interviewed. Ultimately, True North, Inc. was selected for the second phase of work, for their thoughtful approach to the work, innovative digital advertising practices, and relevant reference campaigns. On a related note, the Board approved a request to contract with PA Consulting Group for phase one of this program during the meeting held on March 20, 2024.

Fiscal Impact

This project was included in the current Fiscal Year budget and planned current year expenditures are within the approved budget. Work extending beyond the current fiscal year will be included in future budget requests.

As our intention is to bring True North on as our partner in the launch and promotion of our DCFC network, their ultimate compensation, and the variable costs associated with launching and promoting each charging location, will be driven largely by the speed with which we bring those new charging locations online. Following is a summary of how the estimated two-year costs breakdown across categories:

	1 site	10 sites			
	Year 1	Year 2	Total		
Fees and one-time costs	\$181,885	\$157,968	\$339,853		Fixed Costs
Research	\$56,000	\$50,000	\$106,000		
Contingency	\$56,000	\$30,000	\$86,000		
Sub-Total Fixed Costs	\$293,885	\$237,968	\$531,853		
				Per Site / Year Two	
Per-site creative / media costs		\$173,650	\$173,650	\$17,365	Variable Costs
Paid Media	\$85,000	\$650,000	\$735,000	\$65,000	
PR / Launch Event(s)	\$30,000	\$200,000	\$230,000	\$20,000	
Production Estimate	\$67,450	\$245,500	\$312,950	\$24,550	
Sub-Total Variable Costs	\$182,450	\$1,269,150	\$1,451,600		
TOTAL	\$476,335	\$1,507,118	\$1,983,453		

Attachments

A. Resolution

RESOLUTION NO. R-2024-xx
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY TO NEGOTIATE A CONSULTING
SERVICES AGREEMENT WITH TRUE NORTH, INC.

WHEREAS The Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava Community Energy is building a network of 24/7 publicly accessible electric vehicle fast charging stations; and

WHEREAS the launch of the station network is scheduled to begin before the end of the calendar year; and

WHEREAS Ava staff seek timely support in developing and executing a comprehensive awareness and demand generating program to drive utilization of the network.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The CEO is hereby authorized to negotiate and execute a Consulting Services Agreement with True North, Inc., to provide network launch and promotion services to the Ava Direct-Current Fast Charging (DCFC) program, generating consumer insights through research, developing and executing awareness and demand generating integrated campaigns, and designing and supporting the implementation of a loyalty program. The term of the Agreement will be through June 30, 2026, with compensation and pass through costs not-to-exceed an amount of \$2,000,000. The Agreement shall be subject to review and approval by General Counsel.

ADOPTED AND APPROVED this 17th day of April, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board



Staff Report Item 20

TO: Ava Community Energy Authority

FROM: Dan Bertoldi, Electrification Program Manager

SUBJECT: **Authorize Chief Executive Officer to Enter into an Agreement with Franklin Energy Services**

DATE: April 17, 2024

Recommendation

Adopt a Resolution authorizing the CEO to negotiate and execute an Agreement with Franklin Energy Services, LLC (“Franklin Energy Services”), with a not to exceed amount of \$1,500,000 over a term of three (3) years, for induction stove installation services to support the Health-e Communities pilot implementation.

Background and Discussion

On November 16, 2022, the Board of Directors provided direction to staff to develop the Health-e Communities Program (“Program”) to deliver home electrification to households, where one or more residents suffer from some form of pulmonary condition.

On October 4, 2023, the Executive Committee received an update on the Program, where staff presented on scope, roles and responsibilities of key stakeholders, program objectives, and timeline.

The Health-e Communities Program will enable Ava’s most vulnerable customers to improve their indoor air quality by replacing their gas stoves with all-electric induction stoves. The Program sets out to replace a total of 2,000-3,000 stoves. To inform upon program design and policy making, this Program will also serve as a research

opportunity to further understand the linkage between electrification and indoor air quality, exposure to natural gas, and human health.

Health-e Communities Program Update

Staff is in process of designing the Health-e Communities pilot, which sets a goal to replace 200 gas burning stoves with induction units over one year. Utilizing an installation services vendor, Ava will administer the purchase and installation of the replacement stoves and conduct air quality monitoring to measure the impacts of pollution levels within each home, before and after each stove replacement. Ava has partnered with Berkeley Air Monitoring Group, a local air quality monitoring vendor, to provide the monitoring equipment, installer training, analysis, and reporting for each project under the pilot. The pilot will focus on income-qualified customers located in parts of Ava's service area with the highest Asthma rates¹.

After an initial pilot phase, Ava will scale the Program to perform higher numbers of stove replacements and refine participant eligibility by targeting customers suffering from pulmonary health conditions. To achieve this, Ava plans to collaborate with one or more health care providers to identify and facilitate enrollment of eligible residents. A health care partner or a separate research institution will also perform a longitudinal health study to better understand the linkage between electrification and health. In addition to eliminating between 2,000-3,000 gas stoves and replacing them with induction stoves, the Program is intended to inform long-term policymaking and electrification program design, through the longitudinal health study.

Installation Services Vendor Selection

In January 2024, Ava released a Request for Proposals ("RFP") seeking bids for induction stove installation services to support the Health-e Communities Program. Ava received and evaluated three (3) responses. After a competitive process, Franklin Energy Services ranked highest based on the RFP evaluation criteria. Franklin Energy Services brings a breadth of experience in residential building electrification programs, including working with other CCAs on direct install programs.

Franklin's proposal includes partnership with three subcontractors that would perform the electrical work, utilizing approximately 20 technicians residing within the Ava service area. Franklin will be providing the following services to support the Health-e Communities Program:

- Site and project assessment
- Customer support
- Electric-ready work

¹ Areas of high asthma rates will be defined through CalEnviroScreen 4.0

- Installation, removal and data transfer of air monitoring equipment
- Stove procurement
- Project administration

Staff is in the process of negotiating and finalizing an Installation Services Agreement with Franklin Energy Services, for a period of three years and a not to exceed amount of \$1.5 million, for the pilot phase of the Health-e Communities Program. The total not to exceed amount is inclusive of equipment (i.e. stoves), materials, and labor costs.

Fiscal Impact

The total budget allocation to support the Health-e Communities Program over a three-year period is \$15,000,0000, which has been identified in the approved Local Development Programs Fund. The total not to exceed amount of the Agreement with Franklin Energy is \$1.5 million over a three-year term. This Agreement is a component of the overall program allocation, and it does not require additional funding.

Committee Recommendation

On March 21, 2024, the Investment Committee received a presentation and provided feedback to staff regarding this item.

Attachments

- A. Draft Resolution
- B. Presentation

RESOLUTION NO. R-2024-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY TO AUTHORIZE THE CEO TO
NEGOTIATE AND EXECUTE AN AGREEMENT WITH FRANKLIN ENERGY
SERVICES, LLC FOR THE HEALTH-E COMMUNITIES PROGRAM

WHEREAS The Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava aims to promote healthier, more sustainable communities by reducing greenhouse gas emissions and air pollutants through Local Development Programs; and

WHEREAS Ava’s Health-e Communities Program will enable Ava’s most vulnerable customers to improve their indoor air quality, by replacing gas stoves with all-electric induction stoves; and

WHEREAS Ava seeks third-party support to provide induction stove installation services for the implementation of the Health-e Communities Program; and

WHEREAS Ava issued a Request for Proposals (“RFP”) for induction stove installation services in January 2024, and after a competitive selection process, Franklin Energy Services, LLC (“Franklin Energy Services”) was selected, as the most competitive bidder; and

WHEREAS Franklin Energy Services’ proposed scope of work will enable Ava to launch and implement the pilot phase of the Health-e Communities Program; and

WHEREAS Ava seeks to execute an Induction Stove Installation Services Agreement with Franklin Energy Services.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. THE CEO is hereby authorized to negotiate and execute an Agreement with Franklin Energy Services for induction stove installation services with total compensation not to exceed \$1,500,000, over a term of three (3) years, subject to the approval of the General Counsel.

ADOPTED AND APPROVED this 17th day of April, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

Authorize Chief Executive Officer to Enter into Agreement with Franklin Energy Services to Support Health-e Communities



April 17, 2024
Ava Board of Directors



Health-E Communities Pilot Objectives

Pilot

- Complete up to 200 induction stove retrofit projects
- Study concentration of indoor air pollutants and impacts of electrification
- Develop effective program recruitment and enrollment tactics
- Streamline and simplify induction retrofits for impact, scale, speed and cost
- Better define larger health research effort
- Determine average project cost and installation timelines

Program

- Complete up to 2000-3000 induction cooktop retrofit projects (based on available budget)
- Work with healthcare partner to streamline participant enrollment
- Draft and publish longitudinal health study



Installation Services Agreement

- Ava conducted Induction Stove Installation Services RFP to support Health-e Communities Program
- Franklin Energy Services was selected as winning bid
- Agreement not to exceed \$1.5 million to support pilot phase of program
- Complies with Ava prevailing wage policies
- Three-year term



About the Vendor

- Program implementor with relevant program experience
 - Includes direct install program implementation for other CCAs
- Vertically integrated energy services co.
- Subcontractors:
 - Fuse, Enzo2, and Electrify my Home
 - Approx. 20 electricians residing in Ava service area



Scope of Work

- Site and project assessment
- Customer support
- Electric-ready work
- Installation, removal, and data transfer of air monitoring equipment
- Stove procurement
- Project administration





Community Energy



Staff Report Item 21

TO: Ava Community Energy Authority

FROM: Scott Harding, Power Resources Director of Originations

SUBJECT: Algonquin CEDAR 1 Project Approval (Action)

DATE: April 17, 2024

Recommendation

Adopt a Resolution authorizing the Chief Executive Officer to negotiate and execute an Agreement with contracting entity Cedar 1 SES LLC developed by Atlantica Sustainable Infrastructure.

- CEDAR 1 SES LLC: 15-year, 100 mega-watt (MW) solar + 100 MW/400 mega-watt hour (MWh) storage contract for energy, environmental attributes, and resource adequacy (RA) from a facility in Imperial County, CA developed by Atlantica Sustainable Infrastructure (Cedar 1 Project). The Cedar 1 Project will be online on March 31, 2027.

Background and Discussion

The 2023 Long-Term Resource Request for Offers (RFO) was Ava's fourth long-term contract solicitation. The RFO was launched in March 2023. The RFO sought several hundred MWs of contracts with renewable energy and battery storage projects with a preference for projects located in California, and more preferentially, those located in Alameda or San Joaquin County. Ava's objective was to drive investments in new renewable and energy storage projects within our jurisdiction and throughout California, while securing affordable resources to manage future power price risk. Ava received a very healthy response to its RFO, both in volume and quality of projects and proposals. Ava administered the RFO and completed robust analytics, using internal tools and the

cQuant.io valuation platform to calculate the net present value of proposed projects and determine the optimal portfolio to meet its objectives.

This contract is for the full output from the Cedar 1 Project, providing renewable energy, resource adequacy, renewable energy credits, and ancillary services. The full Cedar 1 Project is a 100 MW solar project paired with a 100 MW/400 MWh Lithium-Ion battery storage project located in Imperial County, CA. Ava will enter into a 15-year contract with a planned commercial operation date of March 31, 2027, to be developed by Atlantica Sustainable Infrastructure.

Attachments

- A. Resolution Authorizing the CEO to Negotiate and Execute a Fifteen-Year Renewable Energy and Battery Storage Agreement with CEDAR 1 SES LLC
- B. Redacted draft of contract with CEDAR 1 SES LLC
- C. PowerPoint presentation

RESOLUTION NO. R-2024-XX

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE AGREEMENT WITH CONTRACTING ENTITY CEDAR 1 SES LLC

WHEREAS on October 24, 2023, the East Bay Community Energy Authority legally adopted the name Ava Community Energy Authority (“Ava”);

WHEREAS Ava was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The City of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The City of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023;

WHEREAS Ava issued the 2023 Long-Term Resources Request for Offers (RFO) in March 2023;

WHEREAS CEDAR 1 SES LLC proposed a 100 mega-watt (MW) solar and 100 MW/400 mega-watt hour (MWh) storage project located in Imperial County, CA to be developed by Atlantica Sustainable Infrastructure (Cedar 1 Project);

WHEREAS the Cedar 1 Project is expected to be operational by March 31, 2027, and will provide renewable solar energy and associated environmental attributes, energy storage capability, and resource adequacy (RA) for the term of 15 years;

WHEREAS the Cedar 1 Project was evaluated against other offers received in the 2023 RFO;

WHEREAS Ava staff is negotiating an agreement for the Cedar 1 Project.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The CEO is hereby authorized to negotiate and execute an agreement with contracting entity CEDAR 1 SES LLC for the Cedar 1 Project.

ADOPTED AND APPROVED this 17th day of April, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

AVA DRAFT
28 MARCH 2024

RENEWABLE POWER PURCHASE AGREEMENT

COVER SHEET

Seller: CEDAR 1 SES LLC (“**Seller**”)

Buyer: Ava Community Energy Authority, a California joint powers authority (“**Buyer**”)

Description of Facility: A 100 MW solar photovoltaic renewable energy generating facility (the “**Generating Facility**”), and a 100 MW_{AC} / 400 MWh_{AC} co-located battery energy storage facility as further described below (the “**Storage Facility**”), located in Imperial County, in the State of California, as further described in Exhibit A. The Generating Facility and the co-located Storage Facility are referred to herein as the “**Facility**.”

Milestones:

Milestone	Date for Completion
Evidence of Site Control	██████████
Executed Interconnection Agreement	██████████
CEC Pre-Certification Obtained	██████████
Execute Firm Point-to-Point Transmission	██████████
Obtain Federal and State Discretionary Permits	██████████
Network Upgrades Completed	██████████
Procure Major Equipment	██████████
Expected Construction Start Date	██████████
Initial Synchronization	██████████
Expected Commercial Operation Date	March 31, 2027

Delivery Term: Fifteen (15) Contract Years.

Expected Energy:

Contract Years	Expected Energy (MWh)
1	██████████
2	██████████
3	██████████
4	██████████
5	██████████
6	██████████
7	██████████
8	██████████

9	[REDACTED]
10	[REDACTED]
11	[REDACTED]
12	[REDACTED]
13	[REDACTED]
14	[REDACTED]
15	[REDACTED]

Guaranteed Capacity: 100 MW

Storage Contract Capacity: 100 MW for four (4) hours

Storage Contract Output: 400 MWh

Guaranteed Efficiency Rate:

Contract Year	Guaranteed Round-Trip Efficiency
1 - 15	[REDACTED]

Contract Price

The Renewable Rate shall be:

Contract Year	Renewable Rate
1 - 15	[REDACTED]

The Storage Rate shall be:

Contract Year	Storage Rate
1 - 15	[REDACTED]

Metering Arrangement: CAISO Metered Entity

Facility Configuration: The Facility shall be operated as a co-located resource.

Delivery Point: Facility PNode

Product:

- Generating Facility Energy
- Discharging Energy
- Green Attributes (Portfolio Content Category 1)

- Storage Capacity
- Capacity Attributes (select options below as applicable)
 - Energy Only Status
 - Pseudo-Tie Status
- Ancillary Services

Scheduling Coordinator: Buyer or Buyer's agent

Development Security and Performance Security

Development Security: [REDACTED]

Performance Security: [REDACTED]

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RENEWABLE POWER PURCHASE AGREEMENT

This Renewable Power Purchase Agreement (“Agreement”) is entered into as of the last dated signature on the signature page hereto (the “Effective Date”), between Buyer and Seller. Buyer and Seller are sometimes referred to herein individually as a “Party” and jointly as the “Parties.” All capitalized terms used in this Agreement are used with the meanings ascribed to them in Article 1 to this Agreement.

RECITALS

WHEREAS, Seller intends to develop, design, permit, construct, own, and operate the Facility; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, on the terms and conditions set forth in this Agreement, the Product.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

ARTICLE 1 DEFINITIONS

1.1 **Contract Definitions.** The following terms, when used herein with initial capitalization, shall have the meanings set forth below:

“**AC**” means alternating current.

“**Accepted Compliance Costs**” has the meaning set forth in Section 3.12.

[REDACTED]

“**Adjusted Energy Production**” has the meaning set forth in Exhibit G.

“**Affiliate**” means, with respect to any Person, each Person that directly or indirectly controls, is controlled by, or is under common control with such designated Person. For purposes of this definition and the definition of “Permitted Transferee,” “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean (a) the direct or indirect right to cast at least fifty percent (50%) of the votes exercisable at an annual general meeting (or its equivalent) of such Person or, if there are no such rights, ownership of at least fifty percent (50%) of the equity or other ownership interest in such Person, or (b) the right to direct the policies or operations of such Person.

“**Agreement**” has the meaning set forth in the Preamble and includes any Exhibits, schedules and any written supplements hereto, the Cover Sheet, and any designated collateral, credit support or similar arrangement between the Parties.

“**Ancillary Services**” means those ancillary services, as defined in the CAISO Tariff, that the Facility is capable of providing consistent with the Operating Restrictions, Prudent Operating Practice, and the requirements and limitations set forth in this Agreement.

“**Approved Forecast Vendor**” means (a) the EIRP Forecast, or (b) any other vendor reasonably acceptable to both Buyer and Seller for the purposes of providing or verifying the forecasts under Section 4.3(d).

“**Approved Maintenance Hours**” means up to fifty (50) hours of full capacity equivalent hours of Planned Outages each Contract Year provided that such Planned Outages are scheduled in accordance with Section 4.6(a).

“**Automated Dispatch System**” or “**ADS**” has the meaning set forth in the CAISO Tariff.

“**Automatic Generation Control**” or “**AGC**” has the meaning set forth in the CAISO Tariff.

“**Availability Adjustment**” has the meaning set forth in Exhibit P.

“**Available Generating Capacity**” means the capacity of the Generating Facility, expressed in whole MWs, that is mechanically available to generate energy.

“**Available Storage Capacity**” means the Storage Facility’s then current Net Qualifying Capacity.

“**Bankrupt**” means with respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of ninety (90) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (f) is generally unable to pay its debts as they fall due.

“**BLM Access Easement**” means a temporary 3-year easement to allow for construction vehicles and equipment to access the Facility parcel, to be granted by the U.S Bureau of Land Management or another responsible U.S. government agency.

“**Business Day**” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday in California. A Business Day begins at 8:00 a.m. and ends at 5:00 p.m. local time for the Party sending a Notice, or payment, or performing a specified action.

“**Buyer**” means Ava Community Energy Authority, a California joint powers authority.

“Buyer Bid Curtailment” means the occurrence of both of the following:

(a) the CAISO provides notice or instruction to a Party or the Scheduling Coordinator for the Generating Facility, requiring the Party to deliver less Generating Facility Energy from the Generating Facility than the full amount of energy forecasted in accordance with Section 4.3, including forecasts from an Approved Forecast Vendor, to be produced from the Generating Facility for a period of time; and

(b) for the same time period as referenced in (a), the notice or instruction referenced in (a) results from Buyer or the SC for the Generating Facility or the Storage Facility, as applicable, as the result of a Buyer instruction or lack of instruction to such SC:

(i) not having submitted a Self-Schedule or Energy Supply Bid for the MW subject to the reduction;

(ii) having submitted an Energy Supply Bid and the MW subject to the reduction were not awarded a schedule in connection with such Energy Supply Bid;

(iii) having submitted a Self-Schedule for less than the full amount of energy forecasted to be generated by or delivered from the Generating Facility; or

(iv) having submitted a Self-Schedule, Energy Supply Bid, or bid for Ancillary Services for the Storage Facility.

If the Generating Facility is subject to a Planned Outage, Forced Facility Outage, Force Majeure Event and/or a Curtailment Period during the same time period as referenced in (a), then the calculation of Deemed Delivered Energy during such period shall not include any Generating Facility Energy that was not generated due to such Planned Outage, Forced Facility Outage, Force Majeure Event or Curtailment Period.

“Buyer Curtailment Order” means the instruction from Buyer to Seller to reduce Generating Facility Energy from the Generating Facility by the amount, and for the period of time set forth in such instruction, for reasons unrelated to a Planned Outage, Forced Facility Outage, Force Majeure Event affecting the Facility and/or Curtailment Order.

“Buyer Curtailment Period” means the period of time, as measured using current Settlement Intervals, during which Seller reduces Generating Facility Energy from the Generating Facility pursuant to or as a result of (a) Buyer Bid Curtailment, (b) a Buyer Curtailment Order, or (c) a Buyer Event of Default hereunder which directly causes Seller to be unable to deliver Generating Facility Energy to the Delivery Point; *provided*, the duration of any Buyer Curtailment Period shall be inclusive of the time required for the Generating Facility to ramp down and ramp up.

“Buyer Default” means an Event of Default of Buyer.

“Buyer’s WREGIS Account” has the meaning set forth in Section 4.13(a).

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

“**CAISO Grid**” has the same meaning as “CAISO Controlled Grid” as defined in the CAISO Tariff.

“**CAISO Metered Entity**” has the meaning set forth in the CAISO Tariff.

“**CAISO Operating Order**” means the Operating Instruction or Dispatch Instruction as defined in the CAISO Tariff.

“**CAISO Tariff**” means the California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and Operating Procedures (as such term is defined in Appendix A to the CAISO Tariff), including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC; provided that if there is a conflict between the BPMs, the CAISO Operating Agreement or the Operating Procedures (as such term is defined in Appendix A to the CAISO Tariff), on the one hand, and the CAISO Tariff, on the other hand, the CAISO Tariff will control.

“**California Renewables Portfolio Standard**” or “**RPS**” means the renewable energy program and policies established by California State Senate Bills 1038 (2002), 1078 (2002), 107 (2008), X-1 2 (2011), 350 (2015), and 100 (2018) as codified in, *inter alia*, California Public Utilities Code Sections 399.11 through 399.31 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time.

“**Capacity Attribute**” means any current or future defined characteristic, certificate, tag, credit, or accounting construct associated with the amount of power that the Facility can generate and deliver to the Delivery Point at a particular moment and that can be purchased and sold under CAISO market rules, including Resource Adequacy Benefits.

“**Capacity Damages**” has the meaning set forth in Exhibit B.

“**CEC**” means the California Energy Commission, or any successor agency performing similar statutory functions.

“**CEC Certification and Verification**” means that the CEC has certified (or, with respect to periods before the date that is one hundred eighty (180) days following the Commercial Operation Date, that the CEC has pre-certified) that the Generating Facility is an Eligible Renewable Energy Resource for purposes of the California Renewables Portfolio Standard and that all Generating Facility Energy delivered to the Delivery Point qualifies as generation from an Eligible Renewable Energy Resource.

“**CEC Precertification**” means that the CEC has issued a precertification for the Generating Facility indicating that the planned operations of the Generating Facility would comply with applicable CEC requirements for CEC Certification and Verification.

“**Change of Control**” means, except in connection with public market transactions of equity interests or capital stock of Seller’s Ultimate Parent, any circumstance in which Ultimate

Parent ceases to own, directly or indirectly through one or more intermediate entities, at least fifty percent (50%) of the outstanding equity interests in Seller; provided that in calculating ownership percentages for all purposes of the foregoing:

(a) any ownership interest in Seller held by Ultimate Parent indirectly through one or more intermediate entities shall not be counted towards Ultimate Parent's ownership interest in Seller unless Ultimate Parent directly or indirectly owns more than fifty percent (50%) of the outstanding equity interests in each such intermediate entity; and

(b) ownership interests in Seller owned directly or indirectly by any Lender (including any cash equity or tax equity provider) or assignee or transferee thereof shall be excluded from the total outstanding equity interests in Seller.

"Charging Energy" means the as-available energy produced by the Generating Facility and/or grid energy, net of Station Use, delivered to the Storage Facility pursuant to a Charging Notice as measured by the Storage Facility Meter in accordance with CAISO metering requirements and Prudent Operating Practices, as such meter readings are adjusted pursuant to CAISO requirements for any applicable Electrical Losses.

"Charging Notice" means the operating instruction, and any subsequent updates, given by Buyer to Seller, directing the Storage Facility to charge with Charging Energy at a specific MW rate to a specified Stored Energy Level, provided that any such operating instruction shall be in accordance with the Operating Procedures and the CAISO Tariff. For the avoidance of doubt, (i) any Buyer request to initiate a Storage Capacity Test consistent with Section 4.9 shall not be considered a Charging Notice, and (ii) any Charging Notice shall not constitute a Buyer Bid Curtailment (except for curtailments resulting from the circumstances specified in clause (b)(iv) of the definition of Buyer Bid Curtailment), Buyer Curtailment Order, or Curtailment Order.

"Claim" has the meaning set forth in Section 16.2(a).

[REDACTED]

"COD Certificate" has the meaning set forth in Exhibit B.

"Commercial Operation" has the meaning set forth in Exhibit B.

"Commercial Operation Date" or **"COD"** has the meaning set forth in Exhibit B.

"Compliance Actions" has the meaning set forth in Section 3.12.

"Compliance Expenditure Cap" has the meaning set forth in Section 3.12.

"Confidential Information" has the meaning set forth in Section 18.1.

"Collateral Assignment Agreement" has the meaning set forth in Section 14.2.

[REDACTED]

“**Construction Start**” has the meaning set forth in Exhibit B.

“**Construction Start Date**” has the meaning set forth in Exhibit B.

“**Contract Capacity**” means the sum of the Guaranteed Capacity and the Storage Contract Capacity.

“**Contract Price**” has the meaning set forth on the Cover Sheet. For clarity, the Contract Price is each of the Renewable Rate and the Storage Rate.

“**Contract Term**” has the meaning set forth in Section 2.1.

“**Contract Year**” means a period of twelve (12) consecutive months, with the first Contract Year beginning on the Commercial Operation Date and the last Contract Year ending at midnight at the end of the day prior to the anniversary of the Commercial Operation.

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

“**Cover Sheet**” means the cover sheet to this Agreement, which is incorporated into this Agreement.

“**CPM Soft Offer Cap**” has the meaning set forth in the CAISO Tariff.

“**CPUC**” means the California Public Utilities Commission or any successor agency performing similar statutory functions.

[REDACTED]

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

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

“Deemed Delivered Energy” means the amount of energy expressed in MWh that the Generating Facility would have produced and delivered to the Storage Facility or the Delivery Point, but that is not produced by the Generating Facility during a Buyer Curtailment Period, which amount shall be calculated using the CAISO VER forecast or an industry-standard methodology agreed to by Buyer and Seller that utilizes meteorological conditions on Site as input for the period of time during such Buyer-directed curtailments. For all purposes under this Agreement, including compensation under Exhibit C and the Curtailment Cap, Deemed Delivered Energy shall be reduced in any Settlement Interval by the amount of any Charging Energy that was not able to be delivered to the Storage Facility during such Settlement Interval due to the unavailability of the Storage Facility due to a Forced Facility Outage.

“Deemed Delivered RA” means for all of the hours of the Relevant Day in the applicable Showing Month the amount of Net Qualifying Capacity expressed in MW that the Facility would have delivered to the Delivery Point, but for (i) the failure of Buyer to obtain Import Allocation Rights sufficient to allow for the importation of such capacity into the CAISO at the intertie (branch group) level, if required pursuant to Section 3.7(e), (ii) a Force Majeure Event as provided in Section 4.6(d), and (c) Planned Outages permitted by the terms of this Agreement to the extent such Planned Outages reduce the maximum achievable Net Qualifying Capacity of the Facility.

“Defaulting Party” has the meaning set forth in Section 11.1(a).

“Deficient Month” has the meaning set forth in Section 4.13(e).

“Delivered RA” means for all of the hours of the Relevant Day in the applicable Showing Month the sum of (a) the Net Qualifying Capacity of the Facility for such hour able to be shown on Buyer’s monthly or annual Resource Adequacy Plan to the CAISO and CPUC and counted as Resource Adequacy Capacity by both the CAISO and CPUC, (b) Deemed Delivered RA and (c) Replacement RA.

“Delivery Point” has the meaning set forth in Exhibit A.

“Delivery Term” has the meaning set forth on the Cover Sheet.



“Development Security” means (i) cash or (ii) a Letter of Credit in the amount set forth on the Cover Sheet.

“Discharging Energy” means all energy delivered to the Delivery Point from the Storage Facility, net of Station Use, as measured by the Storage Facility Meter in accordance with CAISO metering requirements and Prudent Operating Practices, adjusted pursuant to CAISO requirements for any applicable Electrical Losses. For the avoidance of doubt, all Discharging Energy will have originally been delivered to the Storage Facility as Charging Energy.

“Discharging Notice” means the operating instruction, and any subsequent updates, given by Buyer to Seller, directing the Storage Facility to discharge Discharging Energy at a specific

MW rate to a specified Stored Energy Level, provided that (a) any such operating instruction or updates shall be in accordance with the Operating Procedures and the CAISO Tariff, and (b) if, during a period when the Storage Facility is so instructed to be discharging, the sum of Generating Facility Energy and Discharging Energy delivered to the Delivery Point would exceed the interconnection capacity limit, such “Discharging Notice” shall be deemed to be automatically adjusted to reduce the amount of Discharging Energy so that the sum of Discharging Energy and Generating Facility Energy delivered to the Delivery Point does not exceed the interconnection capacity limit until such time as Buyer’s SC or the CAISO issues a further modified Discharging Notice; provided, if any such automatic adjustment is prohibited by, or would result in Seller incurring any penalties or charges under, the CAISO Tariff, then Seller shall instead reduce deliveries of Generating Facility Energy as necessary to avoid exceeding the interconnection capacity limit and all such reduced Generating Facility Energy deliveries shall constitute (and be treated as) Deemed Delivered Energy to the extent such curtailments otherwise satisfy the definition of Deemed Delivered Energy. For the avoidance of doubt, any Discharging Notice shall not constitute a Curtailment Order. A Discharging Notice shall constitute a Buyer Bid Curtailment under the circumstances specified in clause (b)(iv) of the definition of Buyer Bid Curtailment.

“**Early Termination Date**” has the meaning set forth in Section 11.2(a).

“**Efficiency Rate**” means the measured round-trip efficiency rate of the Storage Facility, expressed as a percentage, calculated pursuant to a Storage Capacity Test in accordance with Exhibit O.

“**EIRP Forecast**” means the current CAISO forecast for intermittent resources using relevant Generating Facility availability, weather, historical and other pertinent data for the applicable period of time.

“**Eligible Intermittent Resource Protocol**” or “**EIRP**” has the meaning set forth in the CAISO Tariff or a successor CAISO program for intermittent resources.

“**Effective Date**” has the meaning set forth on the Preamble.

“**Electrical Losses**” means, subject to meeting any applicable CAISO requirements, including, as applicable, CAISO’s rules for Pseudo-Tie Resources, and in accordance with Section 7.1 all transmission or transformation losses between (i) the Generating Facility Meter and the Delivery Point, (ii) the Storage Facility Meter and the Delivery Point, and (iii) the Facility Meter and the Delivery Point, calculated in accordance with CAISO approved methodologies applicable to revenue metering.

“**Eligible Renewable Energy Resource**” has the meaning set forth in California Public Utilities Code Section 399.12(e) and California Public Resources Code Section 25741(a), as either code provision is amended or supplemented from time to time.

“**Energy Supply Bid**” has the meaning set forth in the CAISO Tariff.

“**Event of Default**” has the meaning set forth in Section 11.1.

“**Excess Settlement Interval Deliveries**” has the meaning set forth in Exhibit C.

“**Executed Interconnection Agreement Milestone**” means the date for completion of execution of the Interconnection Agreement by Seller (or Seller’s Affiliate) and the PTO as set forth on the Cover Sheet.

“**Expected Commercial Operation Date**” is the date set forth on the Cover Sheet by which Seller reasonably expects to achieve Commercial Operation.

“**Expected Construction Start Date**” is the date set forth on the Cover Sheet by which Seller reasonably expects to achieve Construction Start.

“**Expected Energy**” means the total quantity of energy that Seller expects to be able to deliver to Buyer as Generating Facility Energy delivered to the Delivery Point (excludes Discharging Energy) or to the Storage Facility as Charging Energy during each Contract Year in the quantity specified on the Cover Sheet.

“**Facility**” has the meaning set forth on the Cover Sheet.

“**Facility Energy**” means the sum of Generating Facility Energy and Discharging Energy during any Settlement Interval or Settlement Period, net of Station Use, as measured by the Facility Meter in accordance with CAISO metering requirements and Prudent Operating Practices, adjusted pursuant to CAISO requirements for any applicable Electrical Losses.

“**Facility Equipment**” means any finished equipment to be used at the Facility and any parts or components of such finished equipment to be used at the Facility.

“**Facility Meter**” means the CAISO-approved bi-directional revenue quality meter or meters (with a 0.3 accuracy class) as shown in Exhibit R, along with a compatible data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Facility Energy.

“**FERC**” means the Federal Energy Regulatory Commission or any successor government agency.

“**Fitch**” means Fitch Ratings Ltd., or its successor.

“**Forecasting Penalty**” [REDACTED]

“**Force Majeure Event**” has the meaning set forth in Section 10.1.

“Forced Facility Outage” means an unexpected failure of one or more components of the Facility that prevents Seller from Generating Facility Energy, receiving Charging Energy or making Facility Energy available at the Delivery Point and that is not the result of a Force Majeure Event.

“Future Environmental Attributes” shall mean any and all generation attributes (other than Green Attributes or Renewable Energy Incentives) under the RPS regulations or under any and all other international, federal, regional, state or other law, rule, regulation, bylaw, treaty or other intergovernmental compact, decision, administrative decision, program (including any voluntary compliance or membership program), competitive market or business method (including all credits, certificates, benefits, and emission measurements, reductions, offsets and allowances related thereto) that are attributable, now, or in the future, to the generation of electrical energy by the Facility and its displacement of conventional energy generation. Future Environmental Attributes do not include investment tax credits or production tax credits associated with the construction or operation of the Facility, or other financial incentives in the form of credits, reductions, or allowances associated with the Facility that are applicable to a state or federal income taxation obligation.

“Gains” means, with respect to any Non-Defaulting Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement for the remaining Contract Term, determined in a commercially reasonable manner. Factors used in determining the economic benefit to a Non-Defaulting Party may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., SP-15), all of which should be calculated for the remaining Contract Term, and include the value of Green Attributes and Capacity Attributes.

“Generating Facility” means the solar photovoltaic generating facility described on the Cover Sheet and in Exhibit A, located at the Site and including mechanical equipment and associated facilities and equipment required to deliver (i) Generating Facility Energy to the Delivery Point, and (ii) Charging Energy to the Storage Facility; provided, that the “Generating Facility” does not include the Storage Facility or the Shared Facilities.

“Generating Facility Energy” means the energy, net of Electrical Losses and Station Use, that is measured by the Generating Facility Meter in accordance with CAISO metering requirements and Prudent Operating Practices. For the avoidance of doubt, the Parties agree that the Generating Facility Energy includes all energy generated by the Generating Facility, whether such energy is delivered directly to the Delivery Point or used as Charging Energy.

“Generating Facility Meter” means the CAISO-approved revenue quality meter or meters (with a 0.3 accuracy class) as shown in Exhibit R, along with a compatible data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Generating Facility Energy

delivered by the Generating Facility including for the purpose of invoicing in accordance with Section 8.1.

“Governmental Authority” means any federal, state, provincial, local or municipal government, any political subdivision thereof or any other governmental, congressional or parliamentary, regulatory, or judicial instrumentality, authority, body, agency, department, bureau, or entity with authority to bind a Party at law, including CAISO and CPUC; *provided, however*, that “Governmental Authority” shall not in any event include any Party.

“Green Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation of electrical energy from the Facility and its displacement of conventional energy generation. Green Attributes include but are not limited to Renewable Energy Credits, as well as: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; and (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Generating Facility Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Facility, (ii) Tax Credits associated with the construction or operation of the Facility and other financial incentives in the form of credits, reductions, or allowances associated with the Facility that are applicable to a state or federal income taxation obligation, or any Renewable Energy Incentives, (iii) fuel-related subsidies or “tipping fees” that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Facility for compliance with local, state, or federal operating or air quality permits.

“Green Tag Reporting Rights” means the right of a purchaser of renewable energy to report ownership of accumulated “green tags” in compliance with and to the extent permitted by applicable Law and include, without limitation, rights under Section 1605(b) of the Energy Policy Act of 1992, and any present or future federal, state or local certification program or emissions trading program, including pursuant to the WREGIS Operating Rules.

“Guaranteed Capacity” means the total generating capacity of the Generating Facility, as measured in MW at the Delivery Point, set forth on the Cover Sheet [REDACTED]

“Guaranteed Efficiency Rate” means the guaranteed round-trip efficiency of the Storage Facility throughout the Delivery Term, as set forth on the Cover Sheet.

“Guaranteed Energy Production” means an amount of Energy equal to the total Expected Energy (as set forth on the Cover Sheet) for the applicable Performance Measurement Period multiplied by eighty-five percent (85%).

“**Guaranteed Commercial Operation Date**” or “**Guaranteed COD**” has the meaning set forth in Exhibit B.

“**Guaranteed RA Amount**” means the Qualifying Capacity of the Storage Facility *minus* Administrative NQC Reductions for each hour of the Relevant Day in the applicable Showing Month.

“**Guaranteed Storage Availability**” has the meaning set forth in Section 4.8.

“**Guaranteed Construction Start Date**” has the meaning set forth in Exhibit B.

“**Guarantor**” [REDACTED]

“**Guaranty**” means a guaranty from a Guarantor provided for the benefit of Buyer substantially in the form attached as Exhibit L.

“**Imbalance Energy**” means the amount of energy in MWh, in any given Settlement Period or Settlement Interval, by which the amounts of Generating Facility Energy, Charging Energy, and/or Discharging Energy deviates from the amount of Scheduled Energy.

“**Import Allocation Rights**” means “Maximum Import Capability” as defined in Section 40.4.6.2.1 of the CAISO Tariff.

“**Import Restriction Action**” means any import or customs-related action by the U.S. government that, directly or indirectly, delays the delivery of Facility Equipment procured by Seller, including, without limitation, a withhold release order, issuance of a CF28 or CF29 instrument, detention or seizure related to the Uyghur Forced Labor Prevention Act, or other seizure or enforcement action by U.S. Customs and Border Protection.

“**Indemnifiable Loss(es)**” has the meaning set forth in Section 16.1.

“**Initial Synchronization**” means the initial delivery of Generating Facility Energy or Discharging Energy, as applicable, to the Delivery Point.

“**Installed Battery Capacity**” means the maximum dependable operating capability of the Storage Facility to discharge electric energy, not to exceed the Storage Contract Capacity, as measured in MW(ac) at the Delivery Point, that achieves Commercial Operation, adjusted for ambient conditions on the date of the performance test, and as evidenced by a certificate substantially in the form attached as Exhibit I hereto.

“**Installed Capacity**” means the sum of (a) the Installed Generating Capacity and (b) the Installed Battery Capacity

“Installed Generating Capacity” means the actual generating capacity of the Generating Facility, not to exceed the Guaranteed Capacity, as measured in MW(ac) at the Delivery Point, that achieves Commercial Operation, adjusted for ambient conditions on the date of the performance test, and as evidenced by a certificate substantially in the form attached as Exhibit I hereto.

“Interconnected Control Area Operating Agreement” means the operating agreement between the balancing authority where Facility is located and the CAISO, which governs the pseudo tie arrangement.

“Interconnection Agreement” means that certain Generator Interconnection Agreement dated as of July 13, 2021 among Seller and Imperial Irrigation District, pursuant to which the Facility will be interconnected with the Transmission System providing for interconnection capacity available or allocable to the Facility that is no less than the Guaranteed Capacity, and pursuant to which the Interconnection Facilities will be constructed, operated and maintained during the Contract Term.

“Interconnection Facilities” means the interconnection facilities, control and protective devices and metering facilities required to connect the Facility with the Transmission System in accordance with the Interconnection Agreement.

“Interconnection Point” has the meaning set forth in Exhibit A.

“Interest Rate” has the meaning set forth in Section 8.2.

“Interim Deliverability Status” has the meaning set forth in the CAISO Tariff.

“Inter-SC Trade” or **“IST”** has the meaning set forth in the CAISO Tariff.

“Investment Grade Credit Rating” means a Credit Rating of BBB- or higher by S&P or Fitch or Baa3 or higher by Moody’s.

“ITC” means the investment tax credit established pursuant to Section 48 of the Internal Revenue Code of 1986, as amended, as in effect from time-to-time throughout the Delivery Term or any successor or other provision providing for a federal tax credit determined by reference to energy property placed in service for which Seller, as the owner of the Facility, is eligible.

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

“Joint Powers Agreement” means that certain Joint Powers Agreement dated December 1, 2016, as amended from time to time, under which Buyer is organized as a Joint Powers Authority in accordance with the Joint Powers Act.

“kW” means kilowatts in alternating current, unless expressly stated in terms of direct current.

“**kWh**” means a kilowatt-hour measured in alternating current, unless expressly stated in terms of direct current.

“**Law**” means any applicable law, statute, rule, regulation, decision, writ, order, decree or judgment, permit or any interpretation thereof, promulgated or issued by a Governmental Authority, all the tariffs (including the CAISO Tariff), and the WREGIS Operating Rules.

“**Lender**” means, collectively, any Person (i) providing senior or subordinated development, construction, interim, letter of credit, back leverage or long-term debt, working capital, equity, cash equity or tax equity financing or refinancing of any of the foregoing or in connection with the development, construction, purchase, installation, operation, maintenance, repair, replacement or improvement of the Facility, whether that financing or refinancing takes the form of private debt (including back-leverage debt or portfolio financing), equity (including cash equity or tax equity), public debt or any other form (including financing or refinancing provided to a member or other direct or indirect owner of Seller), including any Person directly or indirectly providing financing or refinancing for the Facility or purchasing equity ownership interests of Seller or its Affiliates, and any trustee or agent or similar representative acting on their behalf, (ii) providing Interest Rate or commodity protection under an agreement hedging or otherwise mitigating the cost of any of the foregoing obligations or (iii) participating in a lease financing (including a sale leaseback, pass-through lease or leveraged leasing structure) with respect to the Facility.

“**Letter(s) of Credit**” means one or more irrevocable, standby letters of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank, with such bank having assets of at least \$10 Billion, and with such bank having a Credit Rating of at least A- with an outlook designation of “stable” from S&P or A3 with an outlook designation of “stable” from Moody’s, in a form substantially similar to the letter of credit set forth in Exhibit K.

“**Licensed Professional Engineer**” means an independent, professional engineer selected by Seller and reasonably acceptable to Buyer, licensed in the State of California.

“**Limited Assignee**” has the meaning set forth in Section 14.5.

“**Locational Marginal Price**” or “**LMP**” has the meaning set forth in the CAISO Tariff.

“**Losses**” means, with respect to any Non-Defaulting Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from termination of this Agreement for the remaining Contract Term, determined in a commercially reasonable manner, which economic loss (if any) shall be deemed to be the loss (if any) to such Party represented by (a) if Buyer is the Non-Defaulting Party, the positive difference between the present value of the payments that would be required to be made by Buyer under any transaction(s) replacing this Agreement and the present value of the payments required to be made by Buyer during the remaining Contract Term of this Agreement and (b) if Seller is the Non-Defaulting Party, the positive difference between the present value of the payments required to be made to Seller during the remaining Contract Term of this Agreement and the present value of the payments that would be required to be made to, or that would otherwise be received by, Seller under any transaction(s) replacing this Agreement. Factors used in determining economic loss to a Non-Defaulting Party

may include, without limitation, reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including without limitation, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads or other relevant market data in the relevant markets, comparable transactions, forward price curves based on economic analysis of the relevant markets, settlement prices for comparable transactions at liquid trading hubs (e.g., SP-15), all of which should be calculated for the remaining Contract Term, as applicable, and must include the value of Green Attributes, Capacity Attributes, and Renewable Energy Incentives.

“Lost Output” means the amount of Generating Facility Energy that Seller could reasonably have delivered to the Delivery Point or the Storage Facility Meter but was not delivered by reason of any Force Majeure Events, Curtailment Periods, System Emergencies, or Buyer Default, which amount shall be calculated using the CAISO VER forecast or an industry-standard methodology agreed to by Buyer and Seller that utilizes meteorological conditions on Site as input for the period of time during such Force Majeure Events, Curtailment Periods, System Emergencies, or Buyer Defaults, less the amount of Generating Facility Energy delivered to the Delivery Point or the Storage Facility Metering during such period of time (or other relevant period).

“Master File” has the meaning set forth in the CAISO Tariff.

“Maximum Charging Capacity” has the meaning set forth in in Exhibit Q.

“Maximum Discharging Capacity” has the meaning set forth in in Exhibit Q.

“Maximum Stored Energy Level” has the meaning set forth in Exhibit Q.

“Milestones” means each of the milestones set forth on the Cover Sheet.

“Monthly Delivery Forecast” has the meaning set forth in Section 4.3(b).

“Monthly Storage Availability” has the meaning set forth in Exhibit P.

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

“MW” means megawatts in alternating current, unless expressly stated in terms of direct current.

“MWh” means megawatt-hour measured in alternating current, unless expressly stated in terms of direct current.

“Negative LMP” means, in any Settlement Period or Settlement Interval, the Day-Ahead Market or Real-Time Market at the Facility’s Pnode is less than Zero dollars (\$0).

“NEPA” means the National Environmental Policy Act.

“NERC” means the North American Electric Reliability Corporation or any successor entity performing similar functions.

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

“**Network Upgrades**” has the meaning set forth in the Imperial Irrigation District Tariff.

“**Non-Defaulting Party**” has the meaning set forth in Section 11.2.

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

“**Notice of Claim**” has the meaning set forth in Section 16.2.

“**Off-Peak Hour**” means any hour that is not an On-Peak Hour.

“**On-Peak Hour**” means any hour from hour-ending 0700 to hour-ending 2200 (i.e., 6:00 AM to 9:59 PM) on Monday through Saturday, Pacific Prevailing Time, excluding North American Electric Reliability Council (NERC) holidays.

“**Operating Procedures**” or “**Operating Restrictions**” means those rules, requirements, and procedures set forth on Exhibit Q.

“**Participating Transmission Owner**” or “**PTO**” means an entity that owns, operates and maintains transmission or distribution lines and associated facilities or has entitlements to use certain transmission or distribution lines and associated facilities where the Facility is interconnected. For purposes of this Agreement, the Participating Transmission Owner is set forth in Exhibit A.

“**Party**” or “**Parties**” has the meaning set forth in the Preamble.

“**Performance Measurement Period**” means each rolling two (2) Contract Year period (i.e., Contract Years 1 and 2 shall comprise the first such period, Contract Years 2 and 3 shall comprise the second such period, etc.) during the Delivery Term.

“**Performance Security**” means (i) cash or (ii) a Letter of Credit or (iii) a Guaranty in the amount set forth on the Cover Sheet.

“**Permitted Transferee**” [REDACTED]

[REDACTED]

[REDACTED]

“**Person**” means any individual, sole proprietorship, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, incorporated organization, institution, public benefit corporation, unincorporated organization, government entity or other entity.

“**Pnode**” has the meaning set forth in the CAISO Tariff.

“**Planned Outage**” has the meaning set forth in Section 4.6(a).

“**Portfolio Content Category 1**” or “**PCC1**” means any Renewable Energy Credit associated with the generation of electricity from an Eligible Renewable Energy Resource consisting of the portfolio content set forth in California Public Utilities Code Section 399.16(b)(1), as may be amended from time to time or as further defined or supplemented by Law.

“**Product**” has the meaning set forth on the Cover Sheet.

“**Production Tax Credits**” or “**PTCs**” means production tax credit under Section 45 and 45Y of the Internal Revenue Code, as amended, as in effect from time-to-time throughout the Delivery Term or any successor or other provision providing for a federal tax credit determined by reference to renewable electric energy produced from solar photovoltaic electricity generating resources for which Seller, as the owner of the Generating Facility is eligible.

“**Progress Report**” means a progress report including the items set forth in Exhibit E.

“**Prudent Operating Practice**” means (a) the applicable practices, methods and standard of care, skill and diligence engaged in or approved by a significant portion of the electric utility industry and independent power producers during the relevant time period with respect to grid-interconnected, utility-scale generating facilities with integrated storage in the Western United States, or (b) any of the practices, methods and acts which, in light of the facts known at the time the decision was made, could have been expected to accomplish the results consistent with applicable Law, reliability, safety and expedition. Prudent Operating Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to acceptable practices, methods or acts generally accepted in the industry with respect to grid-interconnected, utility-scale generating facilities with integrated storage in the Western United States. Prudent Operating Practice includes compliance with applicable Laws, applicable reliability criteria, and the criteria, rules and standards promulgated in the National Electric Safety Code and the National Electrical Code, as they may be amended or superseded from time to time, including the criteria, rules and standards of any successor organizations.

“**Pseudo-Tie**” has the meaning set forth in the CAISO Tariff.

“**Pseudo-Tie Resource**” means a generating facility that is party to a Pseudo-Tie Participating Generator Agreement with the CAISO which allows for Capacity Attributes from the generating facility to be imported into the CAISO as “unit-specific” or “resource specific” import RA Capacity when paired with a load serving entity’s Import Allocation Rights across a specific intertie pursuant to applicable decisions of the CPUC.

“Pseudo-Tie Status” means the Facility is a Pseudo-Tie Resource.

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

“RA Deficiency Amount” means the liquidated damages payment that Seller shall pay to Buyer for an applicable RA Shortfall Month as calculated in accordance with Section 3.8(b).

“RA Shortfall Amount” shall be determined by first, calculating the difference of the Guaranteed RA Amount *minus* the Delivered RA for each hour of the Relevant Day in the applicable Showing Month and, second, selecting the highest hourly difference for any hour of the Relevant Day in the applicable Showing Month as determined pursuant to step one of this calculation, which such highest hourly value shall be the “RA Shortfall Amount” for purposes of calculating an RA Deficiency Amount under Section 3.8(b) for such Showing Month; provided, if the CPUC adopts another methodology for calculating a load serving entity’s procurement deficiencies in Resource Adequacy Benefits for purposes of the Resource Adequacy Requirements, the Parties shall cooperate in good faith to amend this definition to conform to such new methodology in order to preserve to the maximum extent possible the benefits, burdens, and obligations set forth in this definition as of the Effective Date. If the result of the calculation is a negative number, the RA Shortfall Amount shall be deemed to be zero MW for such Showing Month.

“RA Shortfall Month” means, for purposes of calculating an RA Deficiency Amount under Section 3.8(b), any month during the Delivery Term during which there is an RA Shortfall Amount.

“Real-Time Forecast” means any Notice of any change to the Available Generating Capacity, Storage Capacity, or hourly expected energy delivered by or on behalf of Seller pursuant to Section 4.3(d).

“Real-Time Market” has the meaning set forth in the CAISO Tariff.

“Real-Time Price” means the Resource-Specific Settlement Interval LMP as defined in the CAISO Tariff. If there is more than one applicable Real-Time Price for the same period of time, Real-Time Price shall mean the price associated with the smallest time interval.

“Recurring Certificate Transfers” has the meaning set forth in Section 4.13(a).

“Relevant Day” means the peak day(s) of the month, or such other time period, as established by the CPUC for purposes of determining compliance with Resource Adequacy Requirements.

“Remedial Action Plan” has the meaning in Section 2.4.

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

“Renewable Energy Incentives” means: (a) all Tax Credits and other federal, state, or local Tax credits or other Tax benefits associated with the construction, ownership, or production of electricity from the Facility (including PTCs, ITCs, and other credits under Sections 38, 45, 46, 48, 45Y and 48E of the Internal Revenue Code of 1986, as amended); (b) any federal, state, or local grants, subsidies or other like benefits relating in any way to the Facility; and (c) any other form of benefit or incentive, including any transfers of certain credits pursuant to Section 6418 of the Internal Revenue Code of 1986, as amended, relating in any way to the Facility that is not a Green Attribute or a Future Environmental Attribute.

“Renewable Rate” has the meaning set forth on the Cover Sheet.

“Replacement RA” means Resource Adequacy Benefits, if any, equivalent to those that would have been provided by the Facility with respect to the applicable Showing Month in all respects, including, as applicable, Resource Category and Flexible Capacity Category, and any successor criteria applicable to the Facility, unless Buyer consents to accept Replacement RA from another facility that provides non-equivalent Resource Adequacy Benefits.

“Resource Adequacy Benefits” means the rights and privileges attached to the Facility that satisfy any entity’s resource adequacy obligations, as those obligations are set forth in any Resource Adequacy Rulings and includes any local, zonal or otherwise locational attributes associated with the Facility, in addition to flex attributes.

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

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

“Resource Adequacy Requirements” or **“RAR”** means the resource adequacy requirements established for Buyer pursuant to the Resource Adequacy Rulings, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction.

“Resource Adequacy Rulings” means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, and any other existing or subsequent decisions, resolutions, or rulings related to resource adequacy, including, without limitation, the CPUC Filing Guide, in each case as may be amended from time to time by the CPUC, and any other existing or subsequent ruling or decision, or any other resource adequacy Law, however described, as such decisions, rulings, Laws, rules or regulations may be amended or modified from time-to-time throughout the Delivery Term.

“Resource Specific Import RA” means a resource that is listed on the Specified Imports tab, or the equivalent, of the CPUC’s Net Qualifying Capacity list and is either Pseudo-Tied or Dynamic Resource-Specific System Resource into the Day-Ahead Market and Real-Time Market, and which satisfies all other applicable requirements under the Resource Adequacy Rulings, including CPUC Decisions 05-10-042 and 20-06-028.

“S&P” means the Standard & Poor’s Financial Services, LLC (a subsidiary of S&P Global Inc.) or its successor.

“**Schedule**” has the meaning set forth in the CAISO Tariff, and “**Scheduled**” has a corollary meaning.

“**Scheduled Energy**” means the Generating Facility Energy, Charging Energy, and Discharging Energy that clears under the applicable CAISO market based on the final Day-Ahead Schedule, FMM Schedule (as defined in the CAISO Tariff), or any other financially binding Schedule, market instruction or dispatch for the Facility for a given period of time implemented in accordance with the CAISO Tariff.

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

“**SC Metered Entity**” has the meaning of a “Scheduling Coordinator Metered Entity” as defined in the CAISO Tariff.

“**Security Interest**” has the meaning set forth in Section 8.8.

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

“**Seller**” has the meaning set forth on the Cover Sheet.

“**Seller’s WREGIS Account**” has the meaning set forth in Section 4.13(a).

“**Seller Termination Payment**” has the meaning set forth in Section 11.8(b).

“**Settlement Amount**” [REDACTED]

“**Settlement Interval**” has the meaning set forth in the CAISO Tariff.

“**Settlement Period**” has the meaning set forth in the CAISO Tariff.

“**Shared Facilities**” means the gen-tie lines, transformers, substations, or other equipment, permits, contract rights, and other assets and property (real or personal), in each case, as necessary to enable delivery of energy from the Facility (which is excluded from Shared Facilities) to the point of interconnection, including the Interconnection Agreement itself, that are used in common with third parties.

“**Showing Month**” means the calendar month of the Delivery Term that is the subject of the Compliance Showing, as set forth in the Resource Adequacy Rulings and outlined in the

CAISO Tariff. For illustrative purposes only, pursuant to the CAISO Tariff and Resource Adequacy Rulings in effect as of the Effective Date, the monthly Compliance Showing made in June is for the Showing Month of August.

“**Site**” means the real property on which the Facility is or will be located, as further described in Exhibit A.

“**Site Control**” means that Seller: (a) owns or has the option to purchase the Site, including through an ownership interest in an Affiliate that owns the Site; (b) is the lessee or has the option to lease the Site; (c) is the holder of an easement or an option for an easement, right-of-way grant, or similar instrument with respect to the Site; or (d) has rights through ownership, lease, right-of-way grant or similar instrument, as the managing partner or other entity authorized to act in all manners relating to the control and operation of the Site.

“**SP-15**” means the Existing Zone Generation Trading Hub for Existing Zone region SP-15 as set forth in the CAISO Tariff.

“**Station Use**” means energy (including produced or discharged by the Facility) that is used within the Facility to power the lights, motors, cooling equipment, control systems and other electrical loads that are necessary for operation of the Facility except during periods in which the Storage Facility is charging or discharging pursuant to a Charging Notice or Discharging Notice.

“**Storage Capacity**” means (a) the maximum dependable operating capability of the Storage Facility to discharge electric energy that can be sustained for four (4) consecutive hours and (b) any other products that may be developed or evolve from time to time during the Term that the Storage Facility is able to provide within the constraints of the Operating Restrictions and that relate to the maximum dependable operating capability of the Storage Facility to discharge electric energy.

“**Storage Capacity Test**” means any test or retest of the Storage Contract Capacity of the Storage Facility and/or Efficiency Rate conducted in accordance with the testing procedures, requirements and protocols set forth in Section 4.9 and Exhibit O.

“**Storage Contract Capacity**” means the total Storage Capacity (in MW) of the Storage Facility initially equal to the amount set forth on the Cover Sheet, as the same may be adjusted from time to time pursuant to Section 5(a) of Exhibit B or Section 4.9 and Exhibit O to reflect the results of the most recently performed Storage Capacity Test.

“**Storage Contract Output**” means the total output (in MWh) of the Storage Facility initially deemed to be equal to the amount set forth on the Cover Sheet, as the same may be adjusted from time to time pursuant to Section 5(a) of Exhibit B or Section 4.9 and Exhibit O to reflect the results of the most recently performed Storage Capacity Test.

“**Storage Facility**” means the energy storage facility described on the Cover Sheet and in Exhibit A (including the operational requirements of the energy storage facility), located at the Site and including mechanical equipment and associated facilities and equipment required to deliver Storage Product (but excluding any Shared Facilities for the Interconnection Facilities),

and as such storage facility may be expanded or otherwise modified from time to time in accordance with the terms of this Agreement.

“**Storage Facility Meter**” means the CAISO-approved bi-directional revenue quality meter or meters (with a 0.3 accuracy class) as shown in Exhibit R, along with a compatible data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Charging Energy and the amount of Discharging Energy.

“**Storage Product**” means (a) Discharging Energy, (b) Capacity Attributes, if any, (c) Storage Capacity, and (d) Ancillary Services, if any, in each case arising from or relating to the Storage Facility.

“**Storage Rate**” has the meaning set forth on the Cover Sheet.

“**Stored Energy Level**” means, at a particular time, the amount of electric energy in the Storage Facility available to be discharged to the Delivery Point as Discharging Energy, expressed in MWh.

“**Subject Event**” has the meaning set forth in Exhibit B.

“**Supply Chain Event**” means any delay in Seller’s performance of its obligations hereunder arising out of any of the following: (i) international trade restraints or changes in international trade restraints, or (ii) any Import Restriction Action.

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

“**System Emergency**” means any condition that requires, as determined and declared by CAISO or the PTO, automatic or immediate action to (i) prevent or limit harm to or loss of life or property, (ii) prevent loss of transmission facilities or generation supply in the immediate vicinity of the Facility, or (iii) to preserve Transmission System reliability.

“**Tax**” or “**Taxes**” means all U.S. federal, state and local and any foreign taxes, levies, assessments, surcharges, duties and other fees and charges of any nature imposed by any Governmental Authority, including ad valorem, excise, franchise, gross receipts, import/export, license, property, sales and use, stamp, transfer, payroll, unemployment, income, and any and all items of withholding, deficiency, penalty, additions, interest or assessment related thereto.

“**Tax Credits**” means PTCs, ITCs, and any other state, local or federal production or other tax credit, including any applicable successor tax credits, depreciation benefits, tax deductions or investment tax credits specific to the production, sale or storage of renewable energy from, or the operation or the ownership of, the Facility or any part thereof.

“**Terminated Transaction**” has the meaning set forth in Section 11.2(a).

“**Termination Payment**” has the meaning set forth in Section 11.3.

“**Test Energy**” means Generating Facility Energy delivered (a) commencing on the later of (i) the first date that the CAISO informs Seller in writing that Seller may deliver Generating Facility Energy to the CAISO and (ii) the first date that the PTO informs Seller in writing that Seller has conditional or temporary permission to parallel and (b) ending upon the occurrence of the Commercial Operation Date.

“**Test Energy Rate**” has the meaning set forth in Section 3.6.

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

“**Transmission System**” means the transmission facilities operated by the Transmission Provider, now or hereafter in existence, which provide energy transmission service within the Transmission Provider’s network to and from the Delivery Point.

“**Ultimate Parent**” means Atlantica Sustainable Infrastructure plc.

“**Variable Energy Resource**” or “**VER**” has the meaning set forth in the CAISO Tariff.

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

“**WREGIS Certificate Deficit**” has the meaning set forth in Section 4.13(e).

“**WREGIS Certificates**” has the same meaning as “Certificate” as defined by WREGIS in the WREGIS Operating Rules and are designated as eligible for complying with the California Renewables Portfolio Standard.

“**WREGIS Operating Rules**” means those operating rules and requirements adopted by WREGIS as of October 2022, as subsequently amended, supplemented or replaced (in whole or in part) from time to time.

1.2 **Rules of Interpretation.** In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

(a) headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;

(b) words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;

(c) the words “hereof”, “herein”, and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

(d) a reference to an Article, Section, paragraph, clause, Party, or Exhibit is a reference to that Article, Section, paragraph, clause of, or that Party or Exhibit to, this Agreement unless otherwise specified;

(e) a reference to a document or agreement, including this Agreement means such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;

(f) a reference to a Person includes that Person's successors and permitted assigns;

(g) the term "including" or similar terms means "including without limitation" and any list of examples following such term shall in no way restrict or limit the generality of the work or provision in respect of which such examples are provided;

(h) references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom unless the context otherwise requires;

(i) in the event of a conflict, a mathematical formula or other precise description of a concept or a term shall prevail over words providing a more general description of a concept or a term;

(j) references to any amount of money shall mean a reference to the amount in United States Dollars;

(k) words, phrases or expressions not otherwise defined herein that (i) have a generally accepted meaning in Prudent Operating Practice shall have such meaning in this Agreement or (ii) do not have well known and generally accepted meaning in Prudent Operating Practice but that have well known and generally accepted technical or trade meanings, shall have such recognized meanings; and

(l) each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

ARTICLE 2 TERM; CONDITIONS PRECEDENT

2.1 **Contract Term.**

(a) The term of this Agreement shall commence on the Effective Date and shall remain in full force and effect until the conclusion of the Delivery Term, subject to any early termination provisions set forth herein ("**Contract Term**"); *provided, however*, that subject to Buyer's obligations in Section 3.6, Buyer's obligations to pay for or accept any Product are subject to Seller's completion of the conditions precedent pursuant to Section 2.2.

(b) Applicable provisions of this Agreement shall continue in effect after termination, including early termination, to the extent necessary to enforce or complete the duties, obligations or responsibilities of the Parties arising prior to termination. The confidentiality obligations of the Parties under Article 18 and all indemnity and audit rights shall remain in full force and effect for two (2) years following the termination of this Agreement.

2.2 **Conditions Precedent.**

(a) The Delivery Term shall not commence until Seller completes each of the following conditions:

(i) Seller has delivered to Buyer (i) a completion certificate from a Licensed Professional Engineer substantially in the form of Exhibit H and (ii) a certificate from a Licensed Professional Engineer substantially in the form of Exhibit I setting forth the Installed Battery Capacity on the Commercial Operation Date;

(ii) A Pseudo-Tie Participating Generator Agreement and a Meter Service Agreement between Seller and CAISO shall have been executed and delivered and are in full force and effect, and a copy of each such agreement delivered to Buyer;

(iii) An Interconnection Agreement between Seller (or Seller's Affiliate) and the PTO shall have been executed and delivered and be in full force and effect and a copy of the Interconnection Agreement delivered to Buyer;

(iv) An Interconnected Control Area Operating Agreement or equivalent agreement (e.g., Dynamic Transfer Balancing Authority Operating Agreement) required, if any, as a condition to pseudo-tie operations has been executed and is in full force and effect, and a copy of such agreement delivered to Buyer to the extent available to Seller or otherwise provided evidence reasonably satisfactory to Buyer that such agreement or its equivalent is in place;

(v) A Transmission Service Agreement between the Facility and the PTO has been executed and is in full force and effect, and a copy of such agreement delivered to Buyer to the extent available to Seller or otherwise provide evidence reasonably satisfactory to Buyer that such agreement or its equivalent is in place;

(vi) If firm transmission service is required for the Facility to deliver Energy from the Interconnection Point to the Delivery Point, agreements for such transmission service shall have been executed and delivered to Buyer;

(vii) Copies of executed agreements demonstrating Site Control shall have been delivered to Buyer; provided Seller will be permitted to redact any confidential information contained therein;

(viii) Insurance requirements for the Facility pursuant to Article 17 have been met, with evidence provided in writing to Buyer;

(ix) Seller has received CEC Precertification of the Generating Facility (and reasonably expects to receive final CEC Certification and Verification for the Generating Facility in no more than [REDACTED] from the Commercial Operation Date);

(x) Seller (with the reasonable participation of Buyer) shall have completed all applicable WREGIS registration requirements that are reasonably capable of being completed prior to the Commercial Operation Date under WREGIS rules, including (as applicable) the completion and submittal of all applicable registration forms and supporting documentation, which may include applicable interconnection agreements, informational surveys related to the Facility, QRE service agreements, and other appropriate documentation required to effect Facility registration with WREGIS and to enable Renewable Energy Credit transfers related to the Generating Facility within the WREGIS system;

(xi) All applicable regulatory authorizations, approvals and permits required for the commencement of operation of the Facility have been obtained and all conditions thereof that are capable of being satisfied on the Commercial Operation Date have been satisfied in all material respects and shall be in full force and effect, and Seller has delivered to Buyer an attestation certificate from an officer of Seller certifying to the satisfaction of this condition;

(xii) Seller has certified in writing to Buyer that Seller has complied with the requirements set forth in Section 13.4, and provided reasonably requested documentation demonstrating such compliance;

(xiii) Seller has certified in writing to Buyer that Seller has satisfied the community benefit-related obligations set forth in Exhibit Q, and provided reasonably requested documentation demonstrating such compliance;

(xiv) Seller has delivered the Performance Security to Buyer in accordance with Section 8.8; and

(xv) Seller has paid Buyer for all amounts owing under this Agreement as of the Commercial Operation Date, if any, including Construction Delay Damages and COD Delay Damages.

2.3 Development; Construction; Progress Reports. Within fifteen (15) days after the close of (i) each calendar quarter from the first calendar quarter following the Effective Date until the Expected Construction Start Date, and (ii) each calendar month thereafter, Seller shall provide a Progress Report until the Commercial Operation Date to Buyer that (a) describes the progress towards meeting the Milestones; (b) identifies any missed Milestones, including the cause of the delay; and (c) provides a detailed description of Seller's corrective actions to achieve the missed Milestones and all subsequent Milestones by the Guaranteed Commercial Operation Date. The form of the Progress Report is set forth in Exhibit E. Seller agrees to regularly scheduled meetings between representatives of Buyer and Seller to review the Progress Reports and discuss Seller's construction progress. Seller shall also provide Buyer with any reasonably requested documentation (subject to confidentiality restrictions) directly related to the achievement of Milestones within ten (10) Business Days of receipt of such request from Buyer. For the avoidance of doubt, as between Seller and Buyer, Seller is solely responsible for the design and construction

of the Facility, including the location of the Site, obtaining all permits and approvals to build the Facility, the Facility layout, and the selection and procurement of the equipment comprising the Facility.

2.4 **Remedial Action Plan.** [REDACTED]

[REDACTED]

**ARTICLE 3
PURCHASE AND SALE**

3.1 **Purchase and Sale of Product.** Subject to the terms and conditions of this Agreement, during the Delivery Term, Buyer will purchase all of the Product produced by or associated with the Facility at the Contract Price and in accordance with Exhibit C, and Seller shall supply and deliver to Buyer all of the Product produced by or associated with the Facility; *provided, however*, that prior to the occurrence of the Commercial Operation Date, Buyer shall pay Seller for Product at the Test Energy Rate. At its sole discretion, Buyer may during the Delivery Term resell or use for another purpose all or a portion of the Product, provided that no such resale or use shall relieve Buyer of any obligations hereunder or modify any of Seller's obligations hereunder. During the Delivery Term, Buyer will have exclusive rights to offer, bid, or otherwise submit the Product, or any component thereof, from the Facility after the Delivery Point for resale into the market or to any third party, and retain and receive any and all related revenues. Subject to Buyer's obligation to purchase Product in accordance with this Section 3.1 and Exhibit C and the other terms and conditions of this Agreement, Buyer has no obligation to purchase from Seller any other Product that is not or cannot be delivered to the Delivery Point as a result of an outage of the Facility, a Force Majeure Event, a Curtailment Order, if applicable, the curtailment of any transmission required to deliver Facility Energy to the Delivery Point, or any other curtailment that is not a Buyer Bid Curtailment or Buyer Curtailment Order.

3.2 **Sale of Green Attributes.** During the Delivery Term, Seller shall sell and deliver to Buyer, and Buyer shall purchase and receive from Seller, all Green Attributes attributable to the Generating Facility Energy generated by the Generating Facility.

3.3 **Imbalance Energy.** Buyer and Seller recognize that in any given Settlement Period there may be Imbalance Energy. To the extent there is any Imbalance Energy, any costs, revenues, charges or penalties related to such Imbalance Energy shall be solely for the account of Buyer,

subject to Exhibit D.

3.4 **Ownership of Renewable Energy Incentives.** Seller shall have all right, title and interest in and to all Renewable Energy Incentives. Buyer acknowledges that any Renewable Energy Incentives belong to Seller. If any Renewable Energy Incentives, or values representing the same, are initially credited or paid to Buyer, Buyer shall cause such Renewable Energy Incentives or values relating to same to be assigned or transferred to Seller without delay. Buyer shall reasonably cooperate with Seller, at Seller's sole expense, in Seller's efforts to meet the requirements for any certification, registration, or reporting program relating to Renewable Energy Incentives.

3.5 **Future Environmental Attributes.**

(a) The Parties acknowledge and agree that as of the Effective Date, environmental attributes sold under this Agreement are restricted to Green Attributes; however, Future Environmental Attributes may be created by a Governmental Authority through Laws enacted after the Effective Date. Subject to the final sentence of this Section 3.5(a), and Section 3.5(b), in such event, Buyer shall bear all costs and risks associated with the transfer, qualification, verification, registration and ongoing compliance for such Future Environmental Attributes, but there shall be no increase in the Contract Price. Upon Seller's receipt of Notice from Buyer of Buyer's intent to claim such Future Environmental Attributes, the Parties shall determine the necessary actions and additional costs associated with such Future Environmental Attributes. Seller shall have no obligation to bear any costs, losses or liabilities, or alter the Facility or the Operating Restrictions, unless the Parties have agreed on all necessary terms and conditions relating to such alteration and Buyer has agreed to reimburse Seller for all costs, losses, and liabilities associated with or arising therefrom on terms reasonably acceptable to Seller.

(b) If Buyer elects to receive Future Environmental Attributes pursuant to Section 3.5(a), the Parties agree to negotiate in good faith with respect to the development of further agreements and documentation necessary to effectuate the transfer of such Future Environmental Attributes, including agreement with respect to (i) appropriate transfer, delivery and risk of loss mechanisms, and (ii) appropriate allocation of any additional costs to Buyer, as set forth above (in any event subject to Section 3.12); *provided*, that the Parties acknowledge and agree such terms are not intended to alter the other material terms of this Agreement.

3.6 **Test Energy.** [REDACTED]

3.7 **Capacity Attributes.**

(a) Prior to the Delivery Term, Seller shall qualify the Facility as a Pseudo-Tie Resource with the CAISO pursuant to the CAISO's New Resource Implementation process (as defined in the CAISO Tariff). As between Buyer and Seller, Seller shall be responsible for all costs associated with satisfying the requirements of this Section 3.7(a).

(b) Throughout the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all the Capacity Attributes from the Facility associated with the Guaranteed Capacity and the Storage Contract Capacity.

(c) Throughout the Delivery Term, Seller hereby covenants and agrees to transfer all available Resource Adequacy Benefits from the Facility to Buyer.

(d) Seller shall maintain throughout the Delivery Term the Facility as a Pseudo-Tie Resource in compliance with the CAISO Tariff.

(e) If Seller establishes and maintains the Facility as a Pseudo-Tie Resource, Buyer shall obtain and maintain Import Allocation Rights throughout the Delivery Term and so long as Seller maintains the Facility as a Pseudo-Tie Resource. Seller shall use commercially reasonable efforts to support Buyer in obtaining such Import Allocation Rights. To the extent Buyer fails to obtain or maintain Import Allocation Rights as required above for reasons other than a Seller failure under this Agreement, the Capacity Attributes that are not capable of being delivered due to the lack of Import Allocation Rights shall constitute Deemed Delivered RA.

(f) For the duration of the Delivery Term, Seller shall take all reasonable administrative actions, including complying with all applicable registration and reporting requirements and executing all documents or instruments necessary to enable Buyer to use all of the Capacity Attributes and Resource Adequacy Benefits committed by Seller to Buyer pursuant to this Agreement.

(g) During the Delivery Term, Seller shall not sell or attempt to sell to any other Person the Capacity Attributes, if any, and Seller shall not report to any person or entity that the Capacity Attributes, if any, belong to anyone other than Buyer.

(h) At least thirty (30) days prior to the Compliance Showing Deadline corresponding to each Showing Month of the Delivery Term, Seller shall submit, or cause the Facility's Scheduling Coordinator to submit, Supply Plans to identify and confirm the Resource Adequacy Benefits provided to Buyer for each Showing Month. Resource Adequacy Benefits are delivered and received when the CIRA Tool shows that the Supply Plans have been accepted by the CAISO. If CAISO rejects either the Supply Plans or Buyer's Resource Adequacy Plans with respect to any part of the Resource Adequacy Benefits in any Showing Month, the Parties will confer, make such corrections as are necessary for acceptance, and resubmit the corrected Supply Plans or Resource Adequacy Plans for validation before the applicable Notification Deadline for the relevant Showing Month.

(i) Without limiting Seller's obligations above, at Buyer's request Seller shall: (i) execute such documents and instruments as may be reasonably required to effect recognition and transfer of the Capacity Attributes, if any, to Buyer and (ii) cooperate reasonably with Buyer in order that Buyer may satisfy the Resource Adequacy requirements. Seller shall deliver such documents, instruments, submissions and information as may be reasonably requested by Buyer in connection with the Capacity Attributes and Resource Adequacy Benefits; provided that in responding to any such requests, Seller shall have no obligation to provide any consent, certification, representation, information or other document, or enter into any agreement, that

adversely affects, or could reasonably be expected to have or result in an adverse effect on, any of Seller's rights, benefits, risks and/or obligations under this Agreement.

(j) If, after the Effective Date, the PTO or CAISO requires installation of meters and power electronics not required as of the Effective Date so that Ancillary Services and Capacity Attributes may be provided from the Facility to Buyer that would not have been required for the Facility to provide Ancillary Services or Capacity Attributes as of the Effective Date, Seller will provide notice to Buyer thereof, including an estimate of costs. At Buyer's written request, Seller shall install such meters and power electronics, provided, that the cost of such equipment and the installation thereof shall be considered a Compliance Action under Section 3.12 and Seller's obligation to pay for such meters and power electronics shall be subject to the Compliance Expenditure Cap.

(k) If Seller anticipates that it will have an RA Shortfall Month, Seller may, provide Replacement RA in the amount of (i) the Guaranteed RA Amount with respect to such Showing Month, minus (ii) the expected Net Qualifying Capacity that is able to be included in the Supply Plan for Buyer for such Showing Month plus any Deemed Delivered RA; *provided*, that any Replacement RA is communicated by Seller to Buyer in the form of Exhibit M by Seller to Buyer at least seventy-five (75) days before the applicable Showing Month.

3.8 **Resource Adequacy Failure.**

(a) RA Deficiency Determination. [REDACTED]

[REDACTED]

(b) RA Deficiency Amount Calculation. [REDACTED]

[REDACTED]

3.9 **CEC Certification and Verification.** Seller shall take all necessary steps including, but not limited to, making or supporting timely filings with the CEC to obtain and maintain CEC Certification and Verification for the Generating Facility throughout the Delivery Term applicable to the Generating Facility, including compliance with all applicable requirements for certified facilities set forth in the current version of the *RPS Eligibility Guidebook* (or its successor). Seller shall obtain CEC Precertification by the Commercial Operation Date. Within thirty (30) days after the Commercial Operation Date, Seller shall apply with the CEC for final CEC Certification and Verification. Within one hundred eighty (180) days after the Commercial Operation Date, Seller shall obtain and maintain throughout the remainder of the Delivery Term the final CEC Certification and Verification. Seller must promptly notify Buyer and the CEC of any material changes to the information included in Seller's application for CEC Certification and Verification for the Generating Facility.

3.10 **CPUC Mid-Term Reliability Requirements.**

(a) The Parties acknowledge that Buyer is entering into this Agreement to satisfy a portion of its obligations to procure capacity to meet mid-term reliability requirements specified by the CPUC in CPUC Decision 21-06-035. Upon Buyer's written request received by Seller no later than thirty (30) days before an engineering assessment is required to be submitted to the CPUC to demonstrate compliance of a storage facility on a 5-hour (rather than 4-hour) basis, Seller shall cooperate with Buyer at Buyer's cost to provide information about the Storage Facility reasonably available to Seller for Buyer to commission an engineering assessment. In addition, Seller represents and warrants to Buyer that:

(i) The Product includes the exclusive right to claim the Capacity Attributes of the Facility for purposes of CPUC Decision 21-06-035;

(ii) Seller has not and will not sell, assign or transfer the right to claim procurement of the Capacity Attributes of the Facility as an incremental resource for purposes of CPUC Decision 21-06-035 to any other person or entity during the Delivery Term;

(iii) Seller will provide additional information and documentation reasonably available to Seller to Buyer if necessary to support Buyer in filings it makes related to the procurement mandates set forth in CPUC Decision 21-06-035;

(iv) The Generating Facility shall have zero on-site emissions;

(v) The Facility shall be comprised of a generation resource paired with storage;

(vi) The Facility shall be designed to be capable of delivering energy during the 5 p.m. to 10 p.m. period (the beginning of hour ending 1800 and the end of hour ending 2200), Pacific Time; and

(vii) In furtherance of Buyer's compliance and reporting obligations related to the foregoing, and without limiting Seller's obligations under any other provision of this Agreement, Seller agrees to cooperate in good faith with Buyer to provide documentation reasonably requested by Buyer in connection with such compliance obligations, including engineering assessments or contractual support required or requested by the CPUC pursuant to CPUC Decision 21-06-035 demonstrating that the Facility satisfies the foregoing requirements.

3.11 **Non-Modifiable Standard Terms and Conditions.**

(a) Tracking of RECs in WREGIS. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. [STC REC-2].

(b) Transfer of Renewable Energy Credits. Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required

for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC REC-1].

(c) Eligibility. Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource (“ERR”) as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project’s output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. [STC 6].

(d) With respect to the immediately preceding paragraphs, (i) the reference in Section 3.11(a) to “first delivery under the contract” has the same meaning as “first delivery of Generating Facility Energy under this Agreement”, (ii) the references in Section 3.11(c) to “Project” have the same meaning as “Generating Facility”, (iii) the reference in Section 3.11(c)(ii) to “the Project’s output” has the same meaning as “Generating Facility Energy”, and (iv) each reference in the last sentences of Section 3.11(b) and Section 3.11(c) to “commercially reasonable efforts” means efforts consistent with and subject to Section 3.12 below.

3.12 Change in Law and Compliance Expenditure Cap.

(a) The Parties acknowledge that an essential purpose of this Agreement is to provide renewable generation that meets the requirements of the California Renewables Portfolio Standard and Capacity Attributes to meet Resource Adequacy Requirements and mid-term reliability requirements, and that Governmental Authorities, including the CEC, CPUC, CAISO and WREGIS, may undertake actions to implement changes in Law. Seller agrees to use commercially reasonable efforts subject to this Section 3.12 to cooperate with respect to any future requested changes, modification or amendments to this Agreement needed to satisfy requirements of Governmental Authorities associated with changes in Law to maximize benefits to Buyer, including: (i) modification of the description of Green Attributes, Capacity Attributes as may be required, including updating the Agreement to reflect any mandatory contractual language required by Governmental Authorities; (ii) submission of any reports, data, or other information required by Governmental Authorities; or (iii) all other reasonable actions that may be required to assure that this Agreement or the Facility is eligible as an ERR and other benefits under the California Renewables Portfolio Standard. Notwithstanding anything to the contrary, the Parties agree that the maximum out-of-pocket costs and expenses (“**Compliance Costs**”) [REDACTED]

[REDACTED]

██████ (the “**Compliance Expenditure Cap**”). Seller’s internal administrative costs associated with obtaining, maintaining, conveying or effectuating, Buyer’s use of (as applicable) any Product are excluded from the Compliance Expenditure Cap.

(b) Any actions required for Seller to comply with its obligations set forth in the immediately preceding paragraph, the Compliance Costs of which will be included in the Compliance Expenditure Cap, shall be referred to collectively as the “**Compliance Actions**.” Notwithstanding anything to the contrary hereunder, to the extent any Compliance Actions, despite Seller’s use of commercially reasonable efforts to avoid any reduction in capacity and/or availability of the Storage Facility, cause the Storage Facility to have reduced capacity and/or availability for any period of time, such reduced capacity and/or availability shall be excluded and shall not be counted against Seller for purposes of calculating the Monthly Storage Availability.

(c) If Seller reasonably anticipates the need to incur Compliance Costs in excess of the Compliance Expenditure Cap in order to take any Compliance Action Seller shall provide Notice to Buyer of such anticipated Compliance Costs.

(d) Buyer will have sixty (60) days to evaluate such Notice (during which time period Seller is not obligated to take any Compliance Actions described in the Notice) and shall, within such time, either (1) agree to reimburse Seller for all or some portion of the Compliance Costs that exceed the Compliance Expenditure Cap (such Buyer-agreed upon costs, the “**Accepted Compliance Costs**”), or (2) waive Seller’s obligation to take such Compliance Actions, or any part thereof for which Buyer has not agreed to reimburse Seller.

(e) If Buyer agrees to reimburse Seller for the Accepted Compliance Costs, then Seller shall take such Compliance Actions covered by the Accepted Compliance Costs as agreed upon by the Parties and Buyer shall pay Seller in advance for Seller to effect the Compliance Actions, not to exceed the Accepted Compliance Costs, within sixty (60) days from the time that Buyer receives an invoice and documentation of such costs from Seller.

(f) If (x) Buyer fails to respond to such Notice within the time required by Section 3.12(d) or (y) does not pay, or refuses to pay, the Compliance Costs in excess of the Compliance Expenditure Cap, or (z) if it is not possible for Seller to achieve compliance with a change in law through the payment or incurrence of costs, then in each case (i) Seller shall be excused from the corresponding Compliance Actions under this Agreement and Seller shall not be deemed in breach or default hereunder as a result of or arising out of such Compliance Actions, (ii) Buyer shall continue to pay Seller under this Agreement for the remainder of the Contract Term without any reduction in payments as if any such Compliance Actions were taken, and (iii) with respect to Resource Adequacy, the Guaranteed RA Amount shall be adjusted downward to reflect the effect of the change in law.

ARTICLE 4 OBLIGATIONS AND DELIVERIES

4.1 **Delivery.**

(a) **Energy.** Subject to the provisions of this Agreement, commencing on the first day of the Delivery Term through the end of the Contract Term, Seller shall supply and deliver

Product to Buyer at the Delivery Point, and Buyer shall take delivery of the Product at the Delivery Point in accordance with the terms of this Agreement. Seller will be responsible for paying or satisfying when due any costs or charges imposed in connection with the delivery of Facility Energy to the Delivery Point, including without limitation, Station Use, Electrical Losses, any costs associated with delivering the Charging Energy from the Generating Facility to the Storage Facility, and any operation and maintenance charges imposed by the Transmission Provider directly relating to the Facility's operations. Buyer shall be responsible for all costs, charges and penalties, if any, imposed in connection with the delivery of Facility Energy at and after the Delivery Point, including without limitation transmission costs and transmission line losses and imbalance charges. The Generating Facility Energy, Charging Energy, and Discharging Energy will be scheduled with the CAISO by Buyer (or Buyer's designated Scheduling Coordinator) in accordance with Exhibit D.

(b) Green Attributes. All Green Attributes associated with the Facility during the Delivery Term are exclusively dedicated to and vested in Buyer. Seller represents and warrants that Seller holds the rights to all Green Attributes from the Facility, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Facility.

4.2 Title and Risk of Loss.

(a) Energy. Title to and risk of loss related to the Generating Facility Energy and Discharging Energy, shall pass and transfer from Seller to Buyer at the Delivery Point. Seller warrants that all Product delivered to Buyer is free and clear of all liens, security interests, claims and encumbrances of any kind.

(b) Green Attributes. Title to and risk of loss related to the Green Attributes transferred to Buyer shall pass and transfer from Seller to Buyer upon the transfer of such Green Attributes in accordance with WREGIS.

4.3 Forecasting. Seller shall provide the forecasts described below at its sole expense and in a format reasonably acceptable to Buyer (or Buyer's designee). Seller shall use reasonable efforts to provide forecasts that are accurate and, to the extent not inconsistent with the requirements of this Agreement, shall prepare such forecasts, or cause such forecasts to be prepared, in accordance with Prudent Operating Practices.

(a) Annual Forecast of Energy. No less than forty-five (45) days before (i) the first day of the first Contract Year of the Delivery Term and (ii) at the beginning of each calendar year for every subsequent Contract Year during the Delivery Term, Seller shall provide to Buyer and the SC (if applicable) a non-binding forecast of each month's average-day expected Generating Facility Energy, by hour, for the following calendar year in a form substantially similar to the table found in Exhibit F-1, or as reasonably requested by Buyer.

(b) Monthly Forecast of Energy and Available Generating Capacity. No less than thirty (30) days before the Commercial Operation Date, and thereafter ten (10) Business Days before the beginning of each month during the Delivery Term, Seller shall provide to Buyer and the SC (if applicable) a non-binding forecast of the hourly expected energy, Available Generating

Capacity and Storage Capacity for each day of the following month in a form substantially similar to the table found in Exhibit F-2 (“**Monthly Delivery Forecast**”).

(c) Day-Ahead Forecast. By 5:30 AM Pacific Prevailing Time on the Business Day immediately preceding the date of delivery, or as otherwise specified by Buyer consistent with Prudent Operating Practice, Seller shall provide Buyer and the SC (if applicable) with a non-binding forecast of (i) Available Generating Capacity and (ii) Storage Capacity and (iii) hourly Generating Facility Energy, in each case, for each hour of the immediately succeeding day, as updated by Seller from time to time thereafter in its discretion (“**Day-Ahead Forecast**”). A Day-Ahead Forecast provided in a day prior to any non-Business Day(s) shall include non-binding forecasts for the immediate day, each succeeding non-Business Day and the next Business Day. Each Day-Ahead Forecast shall clearly identify, for each hour, Seller’s best estimate of (i) the Available Generating Capacity and (ii) the Storage Capacity and (iii) the hourly expected Generating Facility Energy. Except as otherwise agreed, Seller shall provide the Day-Ahead Forecast in the form of a CSV file or other mutually agreed file format delivered to Buyer’s SC and Buyer’s File Transfer Protocol (FTP) site as set forth in Exhibit N. If Seller fails to provide a Day-Ahead Forecast as required herein for any period, then for such unscheduled delivery period only Buyer and the SC (if applicable) shall rely on any Real-Time Forecast provided in accordance with Section 4.3(d) or the Monthly Delivery Forecast or Buyer’s best estimate based on information reasonably available to Buyer.

(d) Real-Time Forecasts. During the Delivery Term, Seller shall notify Buyer and the SC (if applicable) of any changes from the Day-Ahead Forecast of one (1) MW or more in (i) Available Generating Capacity, (ii) Storage Capacity or (iii) hourly expected energy, in each case, whether due to Forced Facility Outage, Force Majeure or other cause, as soon as reasonably possible, but no later than one (1) hour prior to the deadline for submitting Schedules to the CAISO in accordance with the rules for participation in the Real-Time Market. If the Available Generating Capacity, Storage Capacity, or hourly expected energy changes by at least one (1) MW as of a time that is less than one (1) hour prior to the Real-Time Market deadline, but before such deadline, then Seller must notify Buyer as soon as reasonably possible. Such Real-Time Forecasts of energy shall be provided by an Approved Forecast Vendor and shall contain information regarding the beginning date and time of the event resulting in the change in Available Generating Capacity, Storage Capacity, or hourly expected energy, as applicable, the expected end date and time of such event, and any other information required by the CAISO or reasonably requested by Buyer. These Real-Time Forecasts shall be communicated in a method reasonably acceptable to Buyer and the SC (if applicable); *provided* that Buyer or its SC specifies the method no later than five (5) Business Days prior to the effective date of such requirement. In the event Buyer fails to provide Notice of an acceptable method for communications under this Section 4.3(d), then Seller shall send such communications by telephone and email to Buyer and the SC (if applicable).

(e) Forced Facility Outages. Notwithstanding anything to the contrary herein, Seller shall notify the SC of Forced Facility Outages promptly but no later than the time periods required by the CAISO Tariff and the CAISO’s outage management rules and Seller shall keep the SC informed of any developments that will affect either the duration of the outage or the availability of the Facility during or after the end of the outage.

(f) Forecasting Penalties. Unless excused by a Force Majeure Event, with respect to any given hour, in the event Seller has failed to provide the forecast required in Section 4.3(d) and Buyer incurs a loss or penalty resulting from Seller's failure with respect to Generating Facility Energy, Charging Energy, or Discharging Energy during such hour, Seller shall be responsible for a Forecasting Penalty for each such hour. Settlement of Forecasting Penalties shall occur as set forth in Article 8 of this Agreement.

(g) CAISO Tariff Requirements. Seller shall comply with all applicable CAISO Tariff requirements, procedures, protocols, rules and testing as necessary for Buyer to submit Bids for the electric energy generated, charged and discharged by the Facility. In addition, to the extent such obligations are applicable to the Facility, Seller will comply with all applicable obligations for Variable Energy Resources under the CAISO Tariff and the Eligible Intermittent Resource Protocol, including providing appropriate operational data and meteorological data, and will fully cooperate with Buyer and CAISO, in providing all data, information, and authorizations required thereunder.

4.4 Dispatch Down/Curtailment.

(a) General. Seller agrees to reduce the amount of Generating Facility Energy and/or Facility Energy produced by the Facility, by the amount and for the period set forth in any Curtailment Order, Buyer Curtailment Order, or notice received from CAISO in respect of a Buyer Bid Curtailment, provided that Seller is not required to reduce such amount to the extent it is inconsistent with the limitations of the Facility set out in the Operating Restrictions.

(b) Reserved.

(c) Failure to Comply. Subject to Section 4.4(a), if Seller fails to comply with a Curtailment Order, [REDACTED]

[REDACTED]

(d) Seller Equipment Required for Curtailment Instruction Communications. Seller shall acquire, install, and maintain such facilities, communications links and other equipment, and implement such protocols and practices, as necessary to respond and follow instructions, including an electronic signal conveying real time and intra-day instructions, to operate the Facility as reasonably directed by the Buyer in accordance with this Agreement or a Governmental Authority, including to implement a Buyer Curtailment Order, Buyer Bid Curtailment, or Curtailment Order in accordance with the then-current methodology used to transmit such instructions as it may change from time to time. If at any time during the Delivery Term Seller's facilities, communications links or other equipment, protocols or practices are not in compliance with then-current methodologies, Seller shall take the steps necessary to become

compliant as soon as reasonably possible. Seller shall be liable pursuant to Section 4.4(c) for failure to comply with a Buyer Curtailment Order, Buyer Bid Curtailment, or Curtailment Order, during the time that Seller's facilities, communications links or other equipment, protocols or practices are not in compliance with then-current methodologies. For the avoidance of doubt, a Buyer Curtailment Order, Buyer Bid Curtailment, or Curtailment Order communication via such systems and facilities shall have the same force and effect on Seller as any other form of communication.

4.5 **Charging Energy Management.**

(a) Upon receipt of a valid Charging Notice, Seller shall take any and all reasonable action necessary to deliver the Charging Energy from the Generating Facility to the Storage Facility in order to deliver the Storage Product in accordance with the terms of this Agreement (including the Operating Restrictions), including maintenance, repair or replacement of equipment in Seller's possession or control used to deliver the Charging Energy from the Generating Facility to the Storage Facility.

(b) During the Delivery Term, Buyer will have the right to instruct Seller to charge the Storage Facility seven (7) days per week and twenty-four (24) hours per day (including holidays), by providing Charging Notices to Seller electronically, provided, that Buyer's right to issue Charging Notices is subject to Prudent Operating Practice, the CAISO Tariff, the requirements and limitations set forth in this Agreement, including the Operating Restrictions, the provisions of Section 4.5(a), and the availability of Charging Energy. Each Charging Notice issued in accordance with this Agreement will be effective unless and until Buyer modifies such Charging Notice by providing Seller with an updated Charging Notice.

(c) Seller shall not charge the Storage Facility during the Term other than pursuant to a valid Charging Notice (it being understood that Seller may adjust a Charging Notice in order to maintain compliance with the Operating Restrictions), or in connection with a Storage Capacity Test, or pursuant to a notice from CAISO, the PTO, Transmission Provider, or any other Governmental Authority; provided, that if Seller receives a Charging Notice that is not in compliance with this Section 4.5, Seller shall notify the SC as soon as reasonably practicable, but in no event later than four (4) hours following receipt of such non-compliant Charging Notice, and Seller shall comply with the Charging Notice to the fullest extent possible without violating this Agreement or suffering an adverse effect to Seller until such time as Seller receives a modified and compliant Charging Notice. If, during the Contract Term, Seller (a) charges the Storage Facility to a Stored Energy Level greater than the Stored Energy Level provided for in a Charging Notice or (b) charges the Storage Facility in violation of the first sentence of this Section 4.5(c), then (x) Seller shall be responsible for all energy costs associated with such charging of the Storage Facility specified in subsections (a) and (b) in this sentence, (y) Buyer shall not be required to pay for the charging of such energy (i.e., Charging Energy), and (z) Buyer shall be entitled to instruct Seller to discharge such energy and entitled to all of the benefits (including Storage Product) associated with such discharge.

(d) During the Delivery Term, Buyer will have the right to instruct Seller to discharge the Storage Facility seven (7) days per week and twenty-four (24) hours per day (including holidays), by providing Discharging Notices to Seller electronically, and subject to the

requirements and limitations set forth in this Agreement, including the Operating Procedures, the CAISO Tariff, and the existing level of charge of the Storage Facility. Each Discharging Notice issued in accordance with this Agreement will be effective unless and until Buyer, Buyer's SC or the CAISO modifies such Discharging Notice by providing Seller with an updated Discharging Notice.

(e) Notwithstanding anything in this Agreement to the contrary, during any Settlement Interval, CAISO Operating Orders, and Curtailment Orders applicable to such Settlement Interval shall have priority over any Charging Notices and Discharging Notices applicable to such Settlement Interval, and Seller shall have no liability for violation of this Section 4.5 or any Charging Notice or Discharging Notice if and to the extent such violation is caused by Seller's compliance with any CAISO Operating Order, Curtailment Order or other instruction or direction from Buyer or its SC or a Governmental Authority or the PTO or the Transmission Provider. Buyer shall have the right, but not the obligation, to provide Seller with updated Charging Notices and Discharging Notices during any CAISO Operating Order, or Curtailment Order consistent with the CAISO rules and the Operational Restrictions.

(f) During the Delivery Term, the Storage Facility will be capable of receiving Charging Energy from the Generating Facility and in the form of grid energy. Buyer will be responsible for all costs of energy from the CAISO Grid related to such grid charging.

(g) During the Delivery Term, the Facility will be able to provide the full suite of Ancillary Services and Seller will dispatch the Facility in response to signals from the Buyer or Buyer's Scheduling Coordinator. These Ancillary Services include Frequency Regulation, Spinning Reserve, Ramp Support, Frequency Response, Voltage Control, VAR Dispatch, and Power Factor Correction.

4.6 **Reduction in Delivery Obligation.** For the avoidance of doubt, and in no way limiting Section 3.1 or Exhibit G or any rights expressly provided hereunder of Seller in relation to the operation of the Facility:

(a) **Facility Maintenance.** Between June 1st and September 30th, Seller shall not schedule non-emergency maintenance that reduces the energy generation or storage capability of the Facility by more than ten percent (10%), unless (i) such outage is required to avoid injury to any third-party's property or damage to the Facility, (ii) such maintenance is necessary to maintain equipment warranties and cannot be scheduled outside the period of June 1st to September 30th, (iii) such outage is required in accordance with Prudent Operating Practices, or (iv) the Parties agree otherwise in writing (each scheduled maintenance permitted under this clause (a) and each of the foregoing outages described in foregoing clauses (a)(i) – (a)(iv), a "**Planned Outage**"). To the extent notice is not already required under the terms hereof, Seller shall notify Buyer as soon as practicable of any extensions to scheduled maintenance and expected end dates thereof.

(i) Subject to providing Buyer thirty (30) days' prior Notice, Seller has the right to replace or augment existing batteries and other equipment for purposes associated with maintaining the Storage Contract Capacity or Storage Contract Output, provided that any replacement or augmentation shall not occur during the summer months (June through September) unless (i) such replacement or augmentation activity will not cause Storage Capacity to be less

than the Storage Contract Capacity, (ii) Seller can demonstrate to Buyer's reasonable satisfaction that the replacement or augmentation will not materially affect ongoing operations, (iii) such replacement or augmentation is required pursuant to Prudent Operating Practices, or (iv) the Parties otherwise mutually agree.

(b) Forced Facility Outage. Seller shall be permitted to reduce deliveries of Product except Capacity Attributes during any Forced Facility Outage. Seller shall provide Buyer with Notice and expected duration (if known) of any Forced Facility Outage.

(c) System Emergencies and other Interconnection Events. Seller shall be permitted to reduce deliveries of Product except Capacity Attributes during any period of System Emergency, or upon Notice of a Curtailment Order pursuant to the terms of this Agreement, the Interconnection Agreement or applicable tariff.

(d) Force Majeure Event. Seller shall be permitted to reduce deliveries of Product during any Force Majeure Event.

(e) Health and Safety. Seller shall be permitted to reduce deliveries of Product except Capacity Attributes as necessary to maintain health and safety pursuant to Section 6.2.

4.7 Guaranteed Energy Production. Seller shall be required to deliver to Buyer no less than the Guaranteed Energy Production in each Performance Measurement Period. For purposes of determining whether Seller has achieved the Guaranteed Energy Production, in addition to all Generating Facility Energy, Seller shall be deemed to have delivered to Buyer all (1) Deemed Delivered Energy and (2) Lost Output from the Performance Measurement Period. If Seller fails to achieve the Guaranteed Energy Production amount in any Performance Measurement Period, Seller shall pay Buyer damages calculated in accordance with Exhibit G.

4.8 Storage Availability.

(a) During the Delivery Term, the Storage Facility shall maintain a Monthly Storage Availability of [REDACTED] (the "Guaranteed Storage Availability"), which Monthly Storage Availability shall be calculated in accordance with Exhibit P.

(b) If, the Monthly Storage Availability during any month is less than the Guaranteed Storage Availability, then Buyer's payment for the Storage Product shall be calculated by reference to the Availability Adjustment (as determined in accordance with Exhibit P).

4.9 Storage Capacity Tests.

(a) Prior to the Commercial Operation Date, Seller shall schedule and complete a Storage Capacity Test in accordance with Exhibit O. Thereafter, Seller and Buyer shall have the right to run additional Storage Capacity Tests in accordance with Exhibit O.

(b) Buyer shall have the right to send one or more representative(s) to witness all Storage Capacity Tests. Buyer shall be responsible for all costs, expenses and fees payable or reimbursable to its representative(s) witnessing any Storage Capacity Test. Except as otherwise

specified in Exhibit O, all other costs or revenues associated with any Storage Capacity Test shall be borne by, or accrue to, Seller, as applicable.

(c) Following each Storage Capacity Test, Seller shall submit a testing report in accordance with Exhibit O. The Storage Contract Capacity and Efficiency Rate determined pursuant to a Storage Capacity Test shall become the new Storage Contract Capacity and/or Efficiency Rate, at the beginning of the day following the completion of the test for all purposes under this Agreement, including compensation under Exhibit C.

4.10 **Interconnection Capacity**. Seller shall ensure that throughout the Delivery Term (a) the Facility will have an Interconnection Agreement and Transmission Service Agreement providing for interconnection capacity available or allocable to the Facility that is no less than the Guaranteed Capacity and (b) Seller shall have sufficient interconnection capacity and rights under such Interconnection Agreement and Transmission Service Agreement to deliver Facility Energy to the CAISO Controlled Grid and to fulfill its obligations under this Agreement, including with respect to Resource Adequacy, and to allow Buyer's dispatch rights of the Facility to be fully reflected in the CAISO's market optimization. Seller shall hold Buyer harmless from any penalties, imbalance energy charges, or other costs from CAISO or under the Agreement resulting from Seller's inability to provide the foregoing interconnection capacity.

4.11 **Station Use**. Seller will be responsible for procuring and paying for, or reimbursing Buyer for (to the extent Buyer pays for any Station Use), all Station Use. Seller shall indemnify and hold harmless Buyer from any and all costs, penalties, charges or other adverse consequences that result from energy supplied for Station Use by any means other than retail service from the applicable utility, and shall take any additional measures to ensure Station Use is supplied by the applicable utility's retail service if necessary to avoid any such costs, penalties, charges or other adverse consequences.

4.12 **Facility Operations and Maintenance**. Buyer shall at all times during the Delivery Term retain dispatch control of the Storage Facility and be responsible for dispatching and coordinating charging of the Storage Facility, in each case through the issuance of Charging Notices and Discharging Notices. Seller shall at all times during the Delivery Term retain all other aspects of operation and maintenance of the Storage Facility in accordance with Prudent Operating Practice and applicable Law and adhering to all operational data, interconnection and telemetry requirements applicable to the Storage Facility.

4.13 **WREGIS**. Seller shall, at its sole expense, but subject to Section 3.12, take all actions and execute all documents or instruments necessary to ensure that all WREGIS Certificates associated with all Renewable Energy Credits corresponding to all Generating Facility Energy are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard and transferred in a timely manner to Buyer for Buyer's sole benefit. Seller shall transfer the Renewable Energy Credits to Buyer. Seller shall comply with all Laws, including the WREGIS Operating Rules, regarding the certification and transfer of such WREGIS Certificates to Buyer and Buyer shall be given sole title to all such WREGIS Certificates. In addition:

(a) Prior to the Commercial Operation Date, Seller shall register the Generating Facility with WREGIS and establish an account with WREGIS (“**Seller’s WREGIS Account**”), which Seller shall maintain until the end of the Delivery Term. Seller shall transfer the WREGIS Certificates using “**Recurring Certificate Transfers**” (as described in the WREGIS Operating Rules) from Seller’s WREGIS Account to the WREGIS account(s) of Buyer or the account(s) of a designee that Buyer identifies by Notice to Seller (“**Buyer’s WREGIS Account**”). Seller shall be responsible for all expenses associated with registering the Generating Facility with WREGIS, establishing and maintaining Seller’s WREGIS Account, paying WREGIS Certificate issuance and transfer fees, and transferring WREGIS Certificates from Seller’s WREGIS Account to Buyer’s WREGIS Account. Buyer shall be responsible for all expenses associated with establishing and maintaining Buyer’s WREGIS Account.

(b) Seller shall cause Recurring Certificate Transfers to occur on a monthly basis in accordance with the certification procedure established by the WREGIS Operating Rules. Since WREGIS Certificates will only be created for whole MWh amounts of Generating Facility Energy generated, any fractional MWh amounts (i.e., kWh) will be carried forward until sufficient generation is accumulated for the creation of a WREGIS Certificate.

(c) Seller shall, at its sole expense, ensure that the WREGIS Certificates for a given calendar month correspond with the Generating Facility Energy for such calendar month as evidenced by the Generating Facility’s metered data.

(d) Due to the delay in the creation of WREGIS Certificates relative to the timing of invoice payment under Section 8.2, Buyer an invoice payment for a given month may be required in accordance with Section 8.2 before the WREGIS Certificates for such month are formally transferred to Buyer in accordance with the WREGIS Operating Rules and this Section 4.13. Notwithstanding this delay, Buyer shall have all right and title to all such WREGIS Certificates upon payment to Seller in accordance with Section 8.2.

(e) A “**WREGIS Certificate Deficit**”

[REDACTED]

(f) If WREGIS changes the WREGIS Operating Rules after the Effective Date or applies the WREGIS Operating Rules in a manner inconsistent with this Section 4.13 after the Effective Date, the Parties promptly shall modify this Section 4.13 as reasonably required to cause and enable Seller to transfer to Buyer’s WREGIS Account a quantity of WREGIS Certificates for

each given calendar month that corresponds to the Generating Facility Energy in the same calendar month.

4.14 **Excess Installed Battery Capacity.** [REDACTED]

[REDACTED]

**ARTICLE 5
TAXES**

5.1 **Allocation of Taxes and Charges.** Seller shall pay or cause to be paid all Taxes on or with respect to the Facility or on or with respect to the sale and making available of Product to Buyer, that are imposed on Product prior to its delivery to Buyer at the Delivery Point. Buyer shall pay or cause to be paid all Taxes on or with respect to the delivery to and purchase by Buyer of Product that are imposed on Product at and after its delivery to Buyer at the Delivery Point (other than withholding or other Taxes imposed on Seller's income, revenue, receipts or employees), if any. If a Party is required to remit or pay Taxes that are the other Party's responsibility hereunder, such Party shall promptly pay the Taxes due and then seek and receive reimbursement from the other for such Taxes. In the event any sale of Product hereunder is exempt from or not subject to any particular Tax, Buyer shall provide Seller with all necessary documentation within thirty (30) days after the Effective Date to evidence such exemption or exclusion. If Buyer does not provide such documentation, then Buyer shall indemnify, defend, and hold Seller harmless from any liability with respect to Taxes from which Buyer claims it is exempt.

5.2 **Cooperation.** Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize all Taxes, so long as no Party is materially adversely affected by such efforts. The Parties shall cooperate to minimize Tax exposure; *provided, however,* that neither Party shall be obligated to incur any financial or operational burden to reduce Taxes for which the other Party is responsible hereunder without receiving due compensation therefor from the other Party. All Product delivered by Seller to Buyer hereunder shall be a sale made at wholesale, with Buyer reselling such Product.

**ARTICLE 6
MAINTENANCE OF THE FACILITY**

6.1 **Maintenance of the Facility.** Seller shall comply with Law and Prudent Operating Practice relating to the operation and maintenance of the Facility and the generation and sale of Product.

6.2 **Maintenance of Health and Safety.** Seller shall take reasonable safety precautions with respect to the operation, maintenance, repair and replacement of the Facility. If Seller

becomes aware of any circumstances relating to the Facility that create an imminent risk of damage or injury to any Person or any Person's property, Seller shall take prompt, reasonable action to prevent such damage or injury and shall give Notice to Buyer's emergency contact identified on Exhibit N of such condition. Such action may include, to the extent reasonably necessary, disconnecting and removing all or a portion of the Facility, or suspending the supply of energy, including Generating Facility Energy or Discharging Energy, to the Storage Facility Meter or Delivery Point.

6.3 **Shared Facilities.** The Parties acknowledge and agree that certain of the Shared Facilities and Interconnection Facilities, and Seller's rights and obligations under the Interconnection Agreement, may be subject to certain shared facilities or co-tenancy agreements to be entered into among Seller, the Participating Transmission Owner, Seller's Affiliates, or third parties pursuant to which certain Interconnection Facilities may be subject to joint ownership and shared maintenance and operation arrangements; *provided* that such agreements (i) shall permit Seller to perform or satisfy, and shall not purport to limit, its obligations hereunder and (ii) provide for separate metering and separate CAISO resource IDs for each of the Generating Facility and Storage Facility.

ARTICLE 7 METERING

7.1 **Metering.** Seller shall measure the amount of Facility Energy using the Facility Meter, the amount of Generating Facility Energy using the Generating Facility Meter, and the Charging Energy and Discharging Energy using the Storage Facility Meter; all of which will be subject to adjustment in accordance with applicable CAISO meter requirements and Prudent Operating Practices, including to account for Electrical Losses and Station Use. All meters shall be operated pursuant to applicable CAISO-approved calculation methodologies and maintained as Seller's cost. Subject to meeting any applicable CAISO requirements, including CAISO's rules for Pseudo-Tie Resources, the meters shall be programmed to adjust for Electrical Losses and Station Use in a manner subject to Buyer's prior written approval, not to be unreasonably withheld. Seller shall obtain and maintain a single CAISO resource ID dedicated exclusively to the Generating Facility and a single CAISO resource ID dedicated exclusively to the Storage Facility. Seller shall not obtain additional CAISO resource IDs for the Generating Facility, the Storage Facility, or the Facility without the prior written consent of Buyer, which shall not be unreasonably withheld. In addition, upon the reasonable request of Buyer, Seller shall obtain one or more additional CAISO resource IDs, provided that any out-of-pocket costs associated with obtaining such additional CAISO resource IDs incurred by Seller shall be reimbursed by Buyer. Metering will be consistent with the Metering Diagram set forth as Exhibit R, a final version of which shall be provided to Buyer at least thirty (30) days before the Commercial Operation Date. Each meter shall be kept under seal, such seals to be broken only when the meters are to be tested, adjusted, modified or relocated. In the event Seller breaks a seal, Seller shall notify Buyer as soon as practicable. In addition, Seller hereby agrees to provide all meter data to Buyer in a form reasonably acceptable to Buyer, and consents to Buyer obtaining from CAISO the CAISO meter data directly relating to the Facility and all inspection, testing and calibration data and reports. Seller and Buyer shall cooperate to allow both Parties to retrieve the meter reads from the CAISO Market Results Interface – Settlements (MRI-S) (or its successor) or directly from the CAISO meter(s) at the Facility.

7.2 **Meter Verification.** Annually, if Seller has reason to believe there may be a meter malfunction, or upon Buyer's reasonable request, Seller shall test the meter. The tests shall be conducted by independent third parties qualified to conduct such tests. Buyer shall be notified seven (7) days in advance of such tests and have a right to be present during such tests. If a meter is inaccurate it shall be promptly repaired or replaced.

ARTICLE 8 INVOICING AND PAYMENT; CREDIT

8.1 **Invoicing.** Seller shall make good faith efforts to deliver an invoice to Buyer for Product within ten (10) days after, but not prior to, the end of each month of the Delivery Term. Each invoice shall reflect (a) records of metered data, including CAISO metering and transaction data sufficient to document and verify the amount of Product delivered by the Facility for any Settlement Period during the preceding month, including the amount of Generating Facility Energy produced by the Generating Facility as read by the Generating Facility Meter, the amount of Charging Energy charged by the Storage Facility and the amount of Discharging Energy delivered from the Storage Facility to the Delivery Point, in each case, as read by the Storage Facility Meter, the amount of Replacement RA delivered to Buyer (if any), the calculation of Generating Facility Energy, Deemed Delivered Energy and Adjusted Energy Production, the LMP prices at the Delivery Point for each Settlement Period, and the Contract Price applicable to such Product in accordance with Exhibit C; (b) access to any records, including invoices or settlement data from the CAISO, necessary to verify the accuracy of any amount; and (c) be in a format reasonably specified by Buyer, covering the Product provided in the preceding month determined in accordance with the applicable provisions of this Agreement. Buyer shall, and shall cause its Scheduling Coordinator to, provide Seller with all reasonable access (including, in real time, to the maximum extent reasonably possible) to any records, including invoices or settlement data from the CAISO, forecast data and other information, all as may be necessary from time to time for Seller to prepare and verify the accuracy of all invoices.

8.2 **Payment.** Buyer shall make payment to Seller for Product by wire transfer or ACH payment to the bank account designated by Seller in Exhibit N, which may be updated by Seller by Notice hereunder; *provided, however*, that changes to the invoices, payment, and wire transfer information set forth in Exhibit N must be made in writing and delivered via certified mail or by a regularly scheduled next business day delivery carrier with delivery fees either prepaid or an arrangement with such carrier made for the payment of such fees, and shall include contact information for an authorized person who is available by telephone to verify the authenticity of such requested changes. Buyer shall pay undisputed invoice amounts within thirty (30) days after receipt of the invoice. If such due date falls on a weekend or legal holiday, such due date shall be the next Business Day. Payments made after the due date will be considered late and will bear interest on the unpaid balance. If the amount due is not paid on or before the due date or if any other payment that is due and owing from one Party to another is not paid on or before its applicable due date, a late payment charge shall be applied to the unpaid balance and shall be added to the next billing statement. Such late payment charge shall be calculated [REDACTED]

[REDACTED] If the due date occurs on a day that is not a Business Day, the late payment charge shall begin to accrue on the next succeeding Business Day.

8.3 **Books and Records.** To facilitate payment and verification, each Party shall maintain all books and records necessary for billing and payments, including copies of all invoices under this Agreement, for a period of at least two (2) years or as otherwise required by Law. Upon ten (10) Business Days' Notice to the other Party, either Party shall be granted reasonable access to the accounting books and records within the possession or control of the other Party pertaining to all invoices generated pursuant to this Agreement. Seller acknowledges that in accordance with California Government Code Section 8546.7, Seller may be subject to audit by the California State Auditor with regard to Seller's performance of this Agreement because the compensation under this Agreement exceeds \$10,000.

8.4 **Payment Adjustments; Billing Errors.** Payment adjustments shall be made if Buyer or Seller discovers there have been good faith inaccuracies in invoicing or payment that are not otherwise disputed under Section 8.5 or an adjustment to an amount previously invoiced or paid is required due to a correction of data by the CAISO; *provided, however*, that there shall be no adjustments to prior invoices based upon meter inaccuracies. If the required adjustment is in favor of Buyer, Buyer's next monthly payment shall be credited in an amount equal to the adjustment. If the required adjustment is in favor of Seller, Seller shall add the adjustment amount to Buyer's next monthly invoice. Adjustments in favor of either Buyer or Seller shall bear interest, until settled in full, in accordance with Section 8.2, accruing from the date on which the adjusted amount should have been due.

8.5 **Billing Disputes.** A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice or payment rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, payment or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due. Any invoice or payment dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within ten (10) Business Days of such resolution along with interest accrued at the Interest Rate from and including the original due date to but excluding the date paid. Inadvertent overpayments shall be returned via adjustments in accordance with Section 8.4. Any dispute with respect to an invoice is waived if the other Party is not notified in accordance with this Section 8.5 within twelve (12) months after the invoice is rendered or subsequently adjusted, except to the extent any misinformation was from a third party not affiliated with any Party and such third party corrects its information after the twelve-month period. If an invoice is not rendered within twelve (12) months after the close of the month during which performance occurred, the right to payment for such performance is waived.

8.6 **Netting of Payments.** The Parties hereby agree that they shall discharge mutual debts and payment obligations due and owing to each other on the same date through netting, in which case all amounts owed by each Party to the other Party for the purchase and sale of Product during the monthly billing period under this Agreement or otherwise arising out of this Agreement, including any related damages calculated pursuant to Exhibits B and P, interest, and payments or credits, shall be netted so that only the excess amount remaining due after netting any such undisputed amount shall be paid by the Party who owes it.

8.7 Seller's Development Security. [REDACTED]

[REDACTED]

8.8 Seller's Performance Security. [REDACTED]

[REDACTED]

8.9 First Priority Security Interest in Cash or Cash Equivalent Collateral. To secure its obligations under this Agreement, and until released as provided herein, Seller hereby grants to Buyer a present and continuing first-priority security interest ("**Security Interest**") in, and lien on (and right to net against), and assignment of the Development Security Performance Security, to the extent provided in the form of cash, and any other cash collateral and cash equivalent collateral posted pursuant to Sections 8.7 and 8.8 and any and all interest thereon or proceeds resulting therefrom or from the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of Buyer, and Seller agrees to take all action as Buyer reasonably

requires in order to perfect Buyer's Security Interest in, and lien on (and right to net against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

Upon or any time after the occurrence and continuation of an Event of Default caused by Seller, an Early Termination Date resulting from an Event of Default caused by Seller, or an occasion provided for in this Agreement where Buyer is authorized to retain all or a portion of the Development Security or Performance Security, Buyer may do any one or more of the following (in each case subject to the final sentence of this Section 8.9):

(a) Exercise any of its rights and remedies with respect to the Development Security and Performance Security, including any such rights and remedies under Law then in effect;

(b) Draw on any outstanding Letter of Credit issued for its benefit and retain any cash held by Buyer as Development Security or Performance Security; and

(c) Liquidate all Development Security or Performance Security (as applicable) then held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller.

Buyer shall apply the proceeds of the collateral realized upon the exercise of any such rights or remedies to reduce Seller's obligations under this Agreement (Seller remains liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to return any surplus proceeds remaining after these obligations are satisfied in full.

8.10 **Seller Financial Statements.** In the event a Guaranty is provided as Performance Security in lieu of cash or a Letter of Credit, Seller shall provide to Buyer, or cause the Guarantor to provide to Buyer, unaudited quarterly and annual audited financial statements of the Guarantor's ultimate parent (including a balance sheet and statements of income and cash flows), all prepared in accordance with generally accepted accounting principles in the United States, consistently applied, and as posted on the website of the Guarantor's ultimate parent or the Securities Exchange Commission.

ARTICLE 9 NOTICES

9.1 **Addresses for the Delivery of Notices.** Except as provided in Exhibit D, any Notice required, permitted, or contemplated hereunder shall be in writing, shall be addressed to the Party to be notified at the address set forth on Exhibit N or at such other address or addresses as a Party may designate for itself from time to time by Notice hereunder.

9.2 **Acceptable Means of Delivering Notice.** Except as expressly provided otherwise, each Notice required, permitted, or contemplated hereunder shall be deemed to have been validly served, given or delivered if sent by electronic mail at the time indicated by the time stamp upon delivery (unless the sender receives an automated message that the email has not been delivered to the recipient), except that if received after 5:00 PM Pacific Prevailing Time, it shall be deemed received on the next Business Day. Notwithstanding the foregoing, Notices of outages or other scheduling or dispatch information or requests, may be sent by electronic mail, or any other

mutually acceptable form of electronic communication, and shall be considered delivered upon successful completion of such transmission. Notices sent pursuant to Article 11 (Event of Default), Article 15 (Dispute Resolution), and Article 16 (Indemnification) must concurrently be sent by hand delivery or overnight carrier with delivery fees either prepaid or an arrangement with such carrier made for the payment of such fees.

ARTICLE 10 FORCE MAJEURE

10.1 Definition.

(a) “**Force Majeure Event**” means any act or event occurring after the Effective Date that delays or prevents a Party from timely performing all or a portion of its obligations under this Agreement or from complying with all or a portion of the conditions under this Agreement if such act or event, despite the exercise of reasonable efforts, cannot be avoided by and is beyond the reasonable control (whether direct or indirect) of and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance, or noncompliance.

(b) Without limiting the generality of the foregoing, so long as the following events, despite the exercise of reasonable efforts, cannot be avoided by, and are beyond the reasonable control (whether direct or indirect) of and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance or noncompliance, a Force Majeure Event may include: an act of God or the elements, such as flooding, lightning, hurricanes, tornadoes, or ice storms; explosion; fire; volcanic eruption; flood; epidemic, or pandemic; quarantine; landslide; mudslide; sabotage; terrorism; earthquake; or other cataclysmic events; an act of public enemy; war; blockade; civil insurrection; riot; civil disturbance; or strikes or other labor difficulties caused or suffered by a Party or any third party, except as set forth below.

(c) Notwithstanding the foregoing, the term “**Force Majeure Event**” does not include (i) economic conditions that render a Party’s performance of this Agreement at the Contract Price unprofitable or otherwise uneconomic (including an increase in component costs for any reason, including foreign or domestic tariffs, Buyer’s ability to buy electric energy at a lower price, or Seller’s ability to sell the Product, or any component thereof, at a higher price, than under this Agreement); (ii) Seller’s inability to obtain permits or approvals of any type for the construction, operation, or maintenance of the Facility, except to the extent such inability is caused by a Force Majeure Event; (iii) the inability of a Party to make payments when due under this Agreement, unless the cause of such inability is an event that would otherwise constitute a Force Majeure Event as described above; (iv) a Curtailment Order except to the extent caused by a Force Majeure Event; (v) Seller’s inability to obtain sufficient labor, equipment, materials, or other resources to build or operate the Facility except to the extent such inability is caused by a Force Majeure Event; or (vi) any equipment failure except if such equipment failure is caused by a Force Majeure Event.

10.2 No Liability If a Force Majeure Event Occurs. Neither Seller nor Buyer shall be liable to the other Party in the event it is prevented from performing its obligations hereunder in whole or in part due to a Force Majeure Event. The Party rendered unable to fulfill any

obligation by reason of a Force Majeure Event shall take reasonable actions necessary to remove such inability or delay. Nothing herein shall be construed as permitting that Party to continue to fail to perform after said cause has been removed. Neither Party shall be considered in breach or default of this Agreement if and to the extent that any failure or delay in the Party's performance of one or more of its obligations hereunder is caused by a Force Majeure Event. Notwithstanding the foregoing, the occurrence and continuation of a Force Majeure Event shall not (a) suspend or excuse the obligation of a Party to make any payments due hereunder, (b) suspend or excuse the obligation of Seller to achieve the Guaranteed Construction Start Date, or Guaranteed Commercial Operation Date beyond the extensions provided in Exhibit B, or (c) limit Buyer's right to declare an Event of Default pursuant to Section 11.1(b)(i) or Section 11.1(b)(ii) and receive a Damage Payment upon exercise of Buyer's default rights pursuant to Section 11.2.

10.3 **Notice.** Within five (5) Business Days after the claiming Party becomes aware of the impact of a Force Majeure Event, the claiming Party shall provide the other Party with oral notice of the Force Majeure Event, and within two (2) weeks of the claiming Party becoming aware of the impact of the Force Majeure Event the claiming Party shall provide the other Party with notice in the form of a letter describing in detail the occurrence giving rise to the Force Majeure Event, including the nature, cause, estimated date of commencement thereof, and the anticipated extent of any delay or interruption in performance; *provided* that the failure of the claiming Party to notify the other Party within such five (5) Business Day period will not preclude the claiming Party from claiming a Force Majeure Event hereunder but for any Force Majeure Event notification provided after the five (5) Business Day, the Force Majeure will be deemed to have commenced as of the date of such notice. Upon written request from Buyer, Seller shall provide documentation demonstrating to Buyer's reasonable satisfaction that each day of the claimed delay was the result of a Force Majeure Event and did not result from Seller's actions or failure to exercise due diligence or take reasonable actions. The claiming party shall promptly notify the other Party in writing of the cessation or termination of such Force Majeure Event, all as known or estimated in good faith by the affected Party. The suspension of performance due to a claim of a Force Majeure Event must be of no greater scope and of no longer duration than is required by the Force Majeure Event.

10.4 **Termination Following Force Majeure Event.** [REDACTED]

[REDACTED]

**ARTICLE 11
DEFAULTS; REMEDIES; TERMINATION**

11.1 **Events of Default.** An "**Event of Default**" shall mean,

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

(i) the failure by such Party to make, when due, any payment required pursuant to this Agreement and such failure is not remedied within ten (10) Business Days after Notice thereof;

(ii) any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated, and such default is not remedied within thirty (30) days after Notice thereof (or such longer additional period, not to exceed an additional sixty (60) days, if the Defaulting Party is unable to remedy such default within such initial thirty (30) days period despite exercising commercially reasonable efforts);

(iii) the failure by such Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default set forth in this Section 11.1), and such failure is not remedied within thirty (30) days after Notice thereof (or such longer additional period, not to exceed an additional sixty (60) days, if the Defaulting Party is unable to remedy such default within such initial thirty (30) days period despite exercising commercially reasonable efforts);

(iv) such Party becomes Bankrupt;

(v) such Party assigns this Agreement or any of its rights hereunder other than in compliance with Article 14; or

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

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

(i) [REDACTED]

(ii) [REDACTED]

(iii) [REDACTED]

(iv) [REDACTED]

(v) [REDACTED]

[REDACTED]

(vi) [REDACTED]

[REDACTED]

(vii) [REDACTED]

[REDACTED]

(viii) if at any time, Seller delivers or attempts to deliver electric energy to the Delivery Point for sale under this Agreement that was not generated or discharged by the Facility;

(ix) if not remedied within ten (10) days after Notice thereof, the failure by Seller to deliver a Remedial Action Plan required under Section 2.4;

(x) failure by Seller to satisfy the collateral requirements pursuant to Sections 8.7 or 8.8 within five (5) Business Days after Notice from Buyer and expiration of the cure periods set forth therein;

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

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

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

(C) the Guarantor becomes Bankrupt;

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

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

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

(xii) with respect to any outstanding Letter of Credit provided for the benefit of Buyer that is not then required under this Agreement to be canceled or returned, the failure by Seller to provide for the benefit of Buyer either (1) cash, or (2) a substitute Letter of Credit from a different issuer meeting the criteria set forth in the definition of Letter of Credit, in each case, in the amount required hereunder within ten (10) Business Days after Seller receives Notice of the occurrence of any of the following events:

(A) the issuer of the outstanding Letter of Credit shall fail to maintain a Credit Rating of at least A- by S&P or A3 by Moody's;

(B) the issuer of such Letter of Credit becomes Bankrupt;

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

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

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

(F) such Letter of Credit fails or ceases to be in full force and effect at any time; or

(G) Seller shall fail to renew or cause the renewal of each outstanding Letter of Credit on a timely basis as provided in the relevant Letter of Credit and as provided in accordance with this Agreement, [REDACTED] prior to the expiration of the outstanding Letter of Credit.

Notwithstanding the foregoing, Seller shall have a one-time right at its sole expense to resolve a performance-related Event of Default under Section 11.1(b) (iii-vii) above to Buyer's reasonable satisfaction (the "**One-Time Cure Period**"). Seller may elect the One-Time Cure Period by Notice to Buyer. The One-Time Cure Period shall not exceed three hundred sixty-five (365) days and shall be permitted only once during the Delivery Term.

11.2 **Remedies; Declaration of Early Termination Date.** If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party ("**Non-Defaulting Party**") shall have the following rights:

(a) to send Notice, designating a day, no earlier than the day such Notice is deemed to be received and no later than twenty (20) days after such Notice is deemed to be

received, as an early termination date of this Agreement (“**Early Termination Date**”) that terminates this Agreement (the “**Terminated Transaction**”) and ends the Delivery Term effective as of the Early Termination Date;

(b) to accelerate all amounts owing between the Parties, and to collect as liquidated damages (i) the Damage Payment (in the case of an Event of Default by Seller occurring before the Commercial Operation Date, including an Event of Default under Section 11.1(b)(i) or Section 11.1(b)(ii)), or (ii) the Termination Payment calculated in accordance with Section 11.3 below (in the case of any other Event of Default by either Party);

(c) to withhold any payments due to the Defaulting Party under this Agreement;

(d) to suspend performance; or

(e) to exercise any other right or remedy available at law or in equity, including specific performance or injunctive relief, except to the extent such remedies are expressly limited under this Agreement;

provided, that payment by the Defaulting Party of the Damage Payment or Termination Payment, as applicable, shall constitute liquidated damages and the Non-Defaulting Party’s sole and exclusive remedy for the Terminated Transaction and the Event of Default related thereto.

11.3 **Termination Payment.** The termination payment (“**Termination Payment**”) for the Terminated Transaction shall be the aggregate of all Settlement Amounts plus any or all other amounts due to or from the Non-Defaulting Party (as of the Early Termination Date) netted into a single amount. If the Non-Defaulting Party’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the net Settlement Amount shall be zero. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for the Terminated Transaction as of the Early Termination Date. Third parties supplying information for purposes of the calculation of Gains or Losses may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors and other sources of market information. The Settlement Amount shall not include consequential, incidental, punitive, exemplary, indirect or business interruption damages. Without prejudice to the Non-Defaulting Party’s duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (a) the actual damages that the Non-Defaulting Party would incur in connection with the Terminated Transaction would be difficult or impossible to predict with certainty, (b) the Damage Payment or Termination Payment described in Section 11.2 or this Section 11.3 (as applicable) is a reasonable and appropriate approximation of such damages, and (c) the Damage Payment or Termination Payment described in Section 11.2 or this Section 11.3 (as applicable) is the exclusive remedy of the Non-Defaulting Party in connection with the Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party’s rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

11.4 **Notice of Payment of Termination Payment.** As soon as practicable after a Terminated Transaction, Notice shall be given by the Non-Defaulting Party to the Defaulting Party

of the amount of the Damage Payment or Termination Payment, as applicable, and whether, in the case of a Termination Payment, the Termination Payment is due to or from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount and the sources for such calculation. The Termination Payment shall be made to or from the Non-Defaulting Party, as applicable, within ten (10) Business Days after such Notice is effective.

11.5 **Disputes With Respect to Termination Payment.** If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of the Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute. Disputes regarding the Termination Payment shall be determined in accordance with Article 15.

11.6 **Rights And Remedies Are Cumulative.** Except where an express and exclusive remedy or measure of liquidated damages is provided, the rights and remedies of a Party pursuant to this Article 11 shall be cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

11.7 [REDACTED]

11.8 **Seller Pre-COD Termination Right.**

(a) If Seller has not obtained the BLM Access Easement in form and substance satisfactory to Seller in its sole discretion on or before June 30, 2025, then Seller may, in its sole discretion, terminate this Agreement within thirty (30) days of such date by Notice to Buyer, which termination shall be effective upon receipt of such Notice by Buyer. As Buyer's sole right and remedy (and Seller's sole liability and obligation) due to or arising out of any such termination under this Section 11.8(a), Buyer shall be entitled to collect from Seller (and Seller shall be obligated to pay to Buyer) liquidated damages in an amount equal to the Development Security.

(b) If Seller has not obtained the BLM Access Easement in form and substance satisfactory to Seller in its sole discretion on or before June 30, 2026, then Seller may, in its sole discretion, terminate this Agreement within thirty (30) days of such date by Notice to Buyer, which termination shall be effective upon receipt of such Notice by Buyer. As Buyer's sole right and remedy (and Seller's sole liability and obligation) due to or arising out of any such termination under this Section 11.8(b), Buyer shall be entitled to collect from Seller (and Seller shall be obligated to pay to Buyer) liquidated damages in an amount equal to two (2) times the Development Security.

11.9 **Seller Post-Termination Obligations.** If this Agreement is terminated pursuant to Section 11.8(a) or 11.8(b), Seller shall not enter into any agreement to sell any Product produced by the Contract Capacity subject to such termination, or any portion thereof, to any third party within twenty-four (24) months after the effective date of such termination without first having provided Notice to Buyer of an offer to purchase such Product (a “**ROFO Offer**”). Buyer shall have thirty (30) days to consider and respond to such ROFO Offer (the “**ROFO Exercise Period**”). If Buyer provides notice to Seller accepting the ROFO Offer within the ROFO Exercise Period, then the Parties shall negotiate in good faith to enter into a binding agreement (the “**ROFO Agreement**”), within ninety (90) days after Seller’s receipt of Buyer’s notice of acceptance (the “**ROFO Negotiation Period**”), for purchase and sale of such Product in accordance with the price and non-price commercial terms of the ROFO Offer and otherwise substantially in the form of this Agreement. If Buyer does not provide notice accepting the ROFO Offer within the ROFO Exercise Period, or if the Parties fail to enter into the ROFO Agreement within the ROFO Negotiation Period, then Seller shall have the right to enter into an agreement with a third party within one hundred eighty (180) days after the end of the ROFO Exercise Period or ROFO Negotiation Period, as applicable. If Seller does not enter into an agreement with a third party within such one hundred eighty (180) day period, then Seller shall be obligated to continue to comply with this Section 11.9.

ARTICLE 12

LIMITATION OF LIABILITY AND EXCLUSION OF WARRANTIES.

12.1 **No Consequential Damages.** EXCEPT TO THE EXTENT PART OF AN EXPRESS REMEDY OR MEASURE OF DAMAGES HEREIN, OR PART OF AN ARTICLE 16 INDEMNITY CLAIM, OR INCLUDED IN A LIQUIDATED DAMAGES CALCULATION, OR ARISING FROM FRAUD OR INTENTIONAL MISREPRESENTATION, OR CONSTITUTING LOST OR FOREGONE TAX CREDITS OR RENEWABLE ENERGY INCENTIVES, NEITHER PARTY SHALL BE LIABLE TO THE OTHER OR ITS INDEMNIFIED PERSONS FOR ANY SPECIAL, PUNITIVE, EXEMPLARY, INDIRECT, OR CONSEQUENTIAL DAMAGES, OR LOSSES OR DAMAGES FOR LOST REVENUE OR LOST PROFITS, WHETHER FORESEEABLE OR NOT, ARISING OUT OF, OR IN CONNECTION WITH THIS AGREEMENT, BY STATUTE, IN TORT OR CONTRACT.

12.2 **Waiver and Exclusion of Other Damages.** EXCEPT AS EXPRESSLY SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. ALL LIMITATIONS OF LIABILITY CONTAINED IN THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THOSE PERTAINING TO SELLER’S LIMITATION OF LIABILITY AND THE PARTIES’ WAIVER OF CONSEQUENTIAL DAMAGES, SHALL APPLY EVEN IF THE REMEDIES FOR BREACH OF WARRANTY PROVIDED IN THIS AGREEMENT ARE DEEMED TO “FAIL OF THEIR ESSENTIAL PURPOSE” OR ARE OTHERWISE HELD TO BE INVALID OR UNENFORCEABLE.

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS AND EXCLUSIVE REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR

MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED OR ANY OTHER EXCLUSIVE REMEDY IS SET FORTH HEREIN, INCLUDING UNDER SECTIONS 3.8, 4.7, 4.8, 11.2, 11.3, 11.8 AND AS PROVIDED IN EXHIBIT B, EXHIBIT C, EXHIBIT G, AND EXHIBIT P. THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, THAT OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THAT THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE ANTICIPATED HARM OR LOSS. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE PARTIES HEREBY WAIVE ANY RIGHT TO CONTEST SUCH PAYMENTS AS AN UNREASONABLE PENALTY.

THE PARTIES ACKNOWLEDGE AND AGREE THAT MONEY DAMAGES AND THE EXPRESS REMEDIES PROVIDED FOR HEREIN ARE AN ADEQUATE REMEDY FOR THE BREACH BY THE OTHER OF THE TERMS OF THIS AGREEMENT, AND EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO SPECIFIC PERFORMANCE WITH RESPECT TO ANY OBLIGATION OF THE OTHER PARTY UNDER THIS AGREEMENT.

ARTICLE 13
REPRESENTATIONS AND WARRANTIES; AUTHORITY

13.1 **Seller's Representations and Warranties**. As of the Effective Date, Seller represents and warrants as follows:

(a) Seller is a limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and is qualified to conduct business in the State of California and each jurisdiction where the failure to so qualify would have a material adverse effect on the business or financial condition of Seller.

(b) Seller has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement, except where such failure does not have a material adverse effect on Seller's performance under this Agreement. The execution, delivery and performance of this Agreement by Seller has been duly authorized by all necessary limited liability company action on the part of Seller and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of Seller or any other party to any other agreement with Seller.

(c) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Seller with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to Seller, subject to any permits that have not yet been obtained by Seller, the documents of formation of Seller or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Seller is a party or by which any of its property is bound.

(d) This Agreement has been duly executed and delivered by Seller. This Agreement is a legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(e) Seller shall comply with all applicable federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, including, without limitation those related to employment discrimination and prevailing wage, non-discrimination and non-preference, and conflict of interest.

(f) Seller shall maintain Site Control throughout the Delivery Term.

(g) The Delivery Point shall be (i) within the CAISO Balancing Authority Area (BAA) or (ii) Pseudo-Tied into the CAISO BAA in accordance with the applicable requirements of the CAISO Tariff, including Appendix N to the CAISO Tariff. If the Facility is not interconnected with the CAISO BAA, Seller shall be responsible for taking all actions at its sole cost and expense required to effectuate the delivery of Facility Energy as a Pseudo-Tie Resource, including securing and maintaining such arrangements with CAISO and any Transmission Provider as are necessary in connection therewith.

(h) Seller represents that no firm transmission service is required for the Facility to deliver Energy from the Interconnection Point to the Delivery Point and, if such transmission service is required at any time during the Delivery Term, including for participation in CAISO markets at the Delivery Point, Seller will secure such transmission service at no cost to the Buyer.

(i) Seller shall comply with all CAISO Tariff requirements applicable to the Facility throughout the Delivery Term, including, as applicable, the requirements for Pseudo-Tie Resources set forth in the CAISO Tariff and Appendix N thereto.

(j) Seller shall obtain any and all applicable permits and approvals, including without limitation, environmental clearance under the California Environmental Quality Act ("**CEQA**"), if applicable, or other environmental law necessary to construct and operate the Facility. Seller acknowledges that Buyer is purchasing the Product under this Agreement and does not intend to be the lead agency for the Facility.

13.2 **Buyer's Representations and Warranties.** As of the Effective Date, Buyer represents and warrants as follows:

(a) Buyer is a joint powers authority and a validly existing community choice aggregator, duly organized, validly existing and in good standing under the laws of the State of

California and the rules, regulations and orders of the California Public Utilities Commission, and is qualified to conduct business in each jurisdiction of the Joint Powers Agreement members. All Persons making up the governing body of Buyer are the elected or appointed incumbents in their positions and hold their positions in good standing in accordance with the Joint Powers Agreement and other Law.

(b) Buyer has the power and authority to enter into and perform this Agreement and is not prohibited from entering into this Agreement or discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement, except where such failure does not have a material adverse effect on Buyer's performance under this Agreement. The execution, delivery and performance of this Agreement by Buyer has been duly authorized by all necessary action on the part of Buyer and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of Buyer or any other party to any other agreement with Buyer.

(c) The execution and delivery of this Agreement, consummation of the transactions contemplated herein, and fulfillment of and compliance by Buyer with the provisions of this Agreement will not conflict with or constitute a breach of or a default under any Law presently in effect having applicability to Buyer, the documents of formation of Buyer or any outstanding trust indenture, deed of trust, mortgage, loan agreement or other evidence of indebtedness or any other agreement or instrument to which Buyer is a party or by which any of its property is bound.

(d) This Agreement has been duly executed and delivered by Buyer. This Agreement is a legal, valid and binding obligation of Buyer enforceable in accordance with its terms, except as limited by laws of general applicability limiting the enforcement of creditors' rights or by the exercise of judicial discretion in accordance with general principles of equity.

(e) Buyer warrants and covenants that with respect to its contractual obligations under this Agreement, it shall not claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (1) suit, (2) jurisdiction of court (provided that such court is limited within a venue permitted in Law and under this Agreement), (3) relief by way of injunction, order for specific performance or recovery of property, (4) attachment of assets, or (5) execution or enforcement of any judgment; provided, however that nothing in this Agreement shall waive the obligations or rights set forth in the California Tort Claims Act (Government Code Section 810 et seq.).

(f) Buyer is a "local public entity" as defined in Section 900.4 of the Government Code of the State of California.

(g) Buyer cannot assert sovereign immunity as a defense to the enforcement of its obligations under this Agreement.

13.3 **General Covenants.** Each Party covenants that commencing on the Effective Date and continuing throughout the Contract Term:

(a) It shall continue to be duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation and to be qualified to conduct business in

California and each jurisdiction where the failure to so qualify would have a material adverse effect on its business or financial condition;

(b) It shall maintain (or obtain from time to time as required) all regulatory authorizations, approvals and permits necessary for the operation of the Facility and for Seller to legally perform its obligations under this Agreement; and

(c) It shall perform its obligations under this Agreement in compliance with all terms and conditions in its governing documents and in material compliance with any Law.

13.4 **Prevailing Wage.**

(a) Seller shall ensure that all employees hired by Seller, and its contractors and subcontractors, that will perform construction work or provide services at the Site related to construction of the Facility are paid wages at rates not less than those prevailing for workers performing similar work in the locality in which the Facility is located in accordance with the prevailing wage requirements for eligibility for increased tax credits under Sections 45(b)(6)-(7) or Sections 48(a)(9)-(10), as applicable, of the United States Internal Revenue Code of 1986, or any successor statute. To the extent applicable to the construction of the Facility, Seller shall comply with all applicable federal, state and local laws, statutes, ordinances, rules and regulations, and orders and decrees of any courts or administrative bodies or tribunals, including without limitation employment discrimination laws and prevailing wage laws.

(b) Seller or its construction contractor for the Facility shall either (a) execute a project labor agreement with the appropriate building or construction trade unions for construction of the Facility, or (b) award the contract for construction to a union signatory entity which will employ a union workforce governed by that entity's existing labor agreements.

13.5 **Reserved.**

13.6 **Community Investment.** Seller shall perform the obligations related to community investment set forth in Exhibit S.

ARTICLE 14 ASSIGNMENT

14.1 **General Prohibition on Assignments.** Except as provided in this Article 14, neither Party may voluntarily assign this Agreement or its rights or obligations under this Agreement, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. Except as provided in this Article 14, any Change of Control of Seller or direct or indirect change of control of Buyer (whether voluntary or by operation of law) shall be deemed an assignment and will require the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; *provided*, that a Change in Control of Seller shall not require Buyer's prior consent if the assignee is an Affiliate of Seller. Any assignment made in violation of the conditions to assignment set out in this Article 14 shall be null and void. Except as provided in this Article 14, Buyer shall have no obligation to provide any consent, or enter into any agreement, that materially and adversely affects any of Buyer's rights, benefits, risks or obligations under this Agreement. Seller shall be

responsible for Buyer's reasonable third-party costs associated with the preparation, review, execution and delivery of documents in connection with any assignment of this Agreement by Seller, including without limitation reasonable attorneys' fees.

14.2 **Collateral Assignment**. Subject to the provisions of this Section 14.2, Seller has the right to assign this Agreement as collateral for any financing or refinancing of the Facility. In connection with any financing or refinancing of the Facility by Seller, Buyer shall in good faith work with Seller and Lenders to agree upon a consent to collateral assignment of this Agreement ("**Collateral Assignment Agreement**"), and, if requested by Seller in connection with any financing or refinancing by a Lender, estoppel certificates or similar instruments with substantially similar provisions as reasonably requested by Seller or any such Lender. Each Collateral Assignment Agreement must be in form and substance agreed to by Buyer, Seller and the applicable Lender, such agreement not to be unreasonably withheld, conditioned or delayed. Buyer will not be subject to obligations under more than one Collateral Assignment Agreement at any time. Each Collateral Assignment Agreement must include, among others, the following provisions unless otherwise agreed to by Buyer, Seller and the applicable Lender.

(a) Buyer shall give Notice of an Event of Default by Seller to the Person(s) to be specified by Lender in the Collateral Assignment Agreement before exercising its right to terminate or suspend performance under this Agreement as a result of such Event of Default; provided that such Notice shall be provided to Lender at the time such Notice is provided to Seller and any additional cure period of Lender agreed to in the Collateral Assignment Agreement shall not commence until Lender has received Notice of such Event of Default;

(b) Lender will have the right to cure an Event of Default on behalf of Seller if Lender sends a written notice to Buyer before the later of (i) the expiration of any cure period, and (ii) ten (10) Business Days after Lender's receipt of notice of such Event of Default from Buyer, indicating Lender's intention to cure. Lender must remedy or cure such Event of Default within the cure period under this Agreement and any additional cure periods agreed in the Collateral Assignment Agreement up to a maximum of ninety (90) days (or, in the event of a bankruptcy of Seller or any foreclosure or similar proceeding if required by Lender to cure any Event of Default, an additional reasonable period of time to complete such proceedings and effect such cure not to exceed one hundred eighty (180) days without the written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed), provided that if Lender is prohibited by any court order or bankruptcy or insolvency proceedings from curing the Event of Default or from commencing or prosecuting foreclosure proceedings, the foregoing time periods shall be extended by the period of such prohibition;

(c) Following an Event of Default by Seller under this Agreement, Buyer may require Seller (or Lender, if Lender has provided the notice set forth in subsection (b) above) to provide to Buyer a report concerning:

(i) The status of efforts by Seller or Lender to develop a plan to cure the Event of Default;

(ii) Impediments to the cure plan or its development;

(iii) If a cure plan has been adopted, the status of the cure plan's implementation (including any modifications to the plan as well as the expected timeframe within which any cure is expected to be implemented); and

(iv) Any other information which Buyer may reasonably require related to the development, implementation and timetable of the cure plan.

Seller or Lender must provide the report to Buyer within ten (10) Business Days after Notice from Buyer requesting the report. Buyer will have no further right to require the report with respect to a particular Event of Default after that Event of Default has been cured;

(d) Lender will have the right to consent before any termination of or suspension by Buyer of its performance under this Agreement which does not arise out of an Event of Default and if pursuant to any Event of Default, is not cured in accordance with Section 14.2(c);

(e) Lender will receive prior notice of and the right to approve material amendments to this Agreement, which approval will not be unreasonably withheld, delayed or conditioned;

(f) If this Agreement is transferred to Lender pursuant to subsection (b) above, Lender must assume all of Seller's obligations arising under this Agreement on and after the date of such assumption other than in respect of any Non-Curable Default; *provided*, before such assumption, if Buyer advises Lender that Buyer will require that Lender cure (or cause to be cured) any Event of Default existing as of the transfer date in order to avoid the exercise by Buyer (in its sole discretion) of Buyer's right to terminate this Agreement with respect to such Event of Default, then Lender at its option, and in its sole discretion, may elect to either:

(i) Cause such Event of Default to be cured within the time periods set forth in the Collateral Assignment Agreement (other than any Events of Default which relate to Seller's bankruptcy or similar insolvency proceedings, to representations and warranties made by Seller or to Seller's failure to perform obligations under other agreements, or which are otherwise personal to Seller (each, a "**Non-Curable Default**")), or

(ii) Not assume this Agreement.

(g) If Lender elects to transfer this Agreement, then Lender must cause the transferee to assume all of Seller's obligations arising under this Agreement arising after the date of such assumption as a condition of the sale or transfer except with respect to any Non-Curable Default. Such sale or transfer may be made only to an entity that meets the definition of Permitted Transferee;

(h) Subject to Lender's cure of any Events of Defaults under the Agreement in accordance with Section 14.2(c) and (f), if this Agreement is rejected in Seller's Bankruptcy or otherwise terminated in connection therewith Lender or its designee shall have the right to elect within ninety (90) days after such rejection or termination, to enter into a replacement agreement with Buyer having substantially the same terms as this Agreement for the remaining term thereof, and, promptly after Lender's written request, Buyer must enter into such replacement agreement with Lender or Lender's designee, or (ii) if Lender or its designee, directly or indirectly, takes

possession of, or title to, the Facility after any such rejection or termination of this Agreement, promptly after Buyer's written request, Lender must itself or must cause its designee to promptly enter into a new agreement with Buyer having substantially the same terms as this Agreement for the remaining term thereof, provided that in the event a designee of Lender, directly or indirectly, takes possession of, or title to, the Facility (including possession by a receiver or title by foreclosure or deed in lieu of foreclosure), if such designee is not an entity that meets the definition of Permitted Transferee then such designee shall be subject to the prior written approval of Buyer, such approval not to be unreasonably withheld.

14.3 **Buyer Limited Assignment Right.** Notwithstanding anything to the contrary, Buyer may make a limited assignment to an entity ("**Limited Assignee**") that has, or provides a parent guaranty, in form and substance reasonably acceptable to Seller from an entity with an Investment Grade Credit Rating, of Buyer's right to receive Product (which shall not be for retail sale) and its obligation to make payments to Seller, which assignment shall be expressly subject to Limited Assignee's timely payment of amounts due under this Agreement, at any time upon not less than thirty (30) days' Notice by delivering a written request for such assignment, which request must include a proposed assignment agreement substantially in the form attached to this Agreement as Exhibit T, with the blanks in such form completed in Buyer's sole discretion. Provided that Buyer delivers a proposed assignment agreement complying with the previous sentence, Seller agrees to (i) comply with Limited Assignee's reasonable requests for know-your-customer and similar account opening information and documentation with respect to Seller, including but not limited to information related to compliance with anti-money laundering rules, the Dodd-Frank Act, the Commodity Exchange Act, the Patriot Act and similar rules, regulations, and requirements, and (ii) promptly execute such assignment agreement and implement such assignment as contemplated thereby, subject only to the countersignature of Limited Assignee, Buyer, and Seller and Seller's ability to make the representations and warranties contained therein. Limited Assignee and Buyer and such assignee shall comply with all reasonable requests received by any Lender in connection with such limited assignment, including providing any requested acknowledgments in (and agreement to be bound by) any Collateral Assignment Agreement.

14.4 **Permitted Assignment by Seller.** Seller may, without the prior written consent of Buyer, transfer or assign this Agreement to:

- (a) An Affiliate of Seller; or
- (b) [REDACTED]

ARTICLE 15 DISPUTE RESOLUTION

15.1 **Governing Law.** This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of Law. To the extent enforceable at such time, each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement. [STC 17]. Subject to Section 15.2, the Parties agree that any suit, action or other legal proceeding by or against any party (or its affiliates or designees) with respect to or arising out of this Agreement shall be brought in the federal courts

of the United States or the courts of the State of California sitting in Alameda County, California.

15.2 **Dispute Resolution.**

In the event of any dispute arising under this Agreement, within ten (10) days following the receipt of a written Notice from either Party identifying such dispute, the Parties shall meet, negotiate and attempt, in good faith, to resolve the dispute quickly, informally and inexpensively. If the Parties are unable to resolve a dispute arising hereunder within the earlier of either thirty (30) days of initiating such discussions, or within forty (40) days after Notice of the dispute, the Parties shall submit the dispute to mediation prior to seeking any and all remedies available to it at Law in or equity. The Parties will cooperate in selecting a qualified neutral mediator selected from a panel of neutrals and in scheduling the time and place of the mediation as soon as reasonably possible, but in no event later than thirty (30) days after the request for mediation is made. The Parties agree to participate in the mediation in good faith and to share the costs of the mediation, including the mediator's fee, equally, but such shared costs shall not include each Party's own attorneys' fees and costs, which shall be borne solely by such Party. If the mediation is unsuccessful, then either Party may seek any and all remedies available to it at law or in equity, subject to the limitations set forth in this Agreement.

ARTICLE 16 INDEMNIFICATION

16.1 **Indemnification.** Seller agrees to defend, indemnify and hold harmless Buyer, its directors, officers, agents, attorneys, consultants, employees and representatives from and against all third party claims, demands, losses, liabilities, penalties, and expenses, including reasonable attorneys' and expert witness fees for personal injury or death to Persons and damage to the property of any third party ("**Indemnifiable Event**") to the extent arising out of, resulting from, or caused by the negligent or willful misconduct of arising from Seller, its Affiliates, its directors, officers, employees or agents' negligence or willful misconduct (collectively, "**Indemnifiable Losses**").

16.2 **Notice of Claim.** Subject to the terms of this Agreement and upon obtaining knowledge of an Indemnifiable Loss for which it is entitled to indemnity under this Article 16, Buyer will promptly provide Notice to Seller in writing of any damage, claim, loss, liability or expense which Buyer has determined has given or could give rise to an Indemnifiable Loss under Section 16.1 ("**Claim**"). The Notice is referred to as a "**Notice of Claim**". A Notice of Claim will specify, in reasonable detail, the facts known to Buyer regarding the Indemnifiable Loss.

16.3 **Failure to Provide Notice.** A failure to give timely Notice or to include any specified information in any Notice as provided in this Section 16.3 will not affect the rights or obligations of any Party hereunder except and only to the extent that, as a result of such failure, any Party which was entitled to receive such Notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise materially damaged as a direct result of such failure.

16.4 **Defense of Claims.** If, within thirty (30) Business Days after giving a Notice of Claim regarding a Claim to Seller pursuant to Section 16.2, Buyer receives Notice from Seller that

Seller has elected to assume the defense of such Claim, Seller will not be liable for any legal expenses subsequently incurred by Buyer in connection with the defense thereof; provided, however, that if Seller fails to take reasonable steps necessary to defend diligently such Claim within thirty (30) Business Days after receiving Notice from Buyer that Buyer believes Seller has failed to take such steps, or if Seller has not undertaken fully to indemnify Buyer in respect of all Indemnifiable Losses relating to the matter, Buyer may assume its own defense, and Seller will be liable for all reasonable costs or expenses, including attorneys' fees, paid or incurred in connection therewith. Without the prior written consent of Buyer, Seller will not enter into any settlement of any Claim which would lead to liability or create any financial or other obligation on the part of Buyer for which Buyer is not entitled to indemnification hereunder; provided, however, that Seller may accept any settlement without the consent of Buyer if such settlement provides a full release to Buyer and no requirement that Buyer acknowledge fault or culpability. If a firm offer is made to settle a Claim without leading to liability or the creation of a financial or other obligation on the part of Buyer for which Buyer is not entitled to indemnification hereunder and Seller desires to accept and agrees to such offer, Seller will give Notice to Buyer to that effect. If Buyer fails to consent to such firm offer within thirty (30) calendar days after its receipt of such Notice, Buyer may continue to contest or defend such Claim and, in such event, the maximum liability of Seller to such Claim will be the amount of such settlement offer, plus reasonable costs and expenses paid or incurred by Buyer up to the date of such Notice.

16.5 **Subrogation of Rights**. Upon making any indemnity payment, Seller will, to the extent of such indemnity payment, be subrogated to all rights of Buyer against any third party in respect of the Indemnifiable Loss to which the indemnity payment relates; provided that until Buyer recovers full payment of its Indemnifiable Loss, any and all claims of Seller against any such third party on account of said indemnity payment are hereby made expressly subordinated and subjected in right of payment to Buyer's rights against such third party. Without limiting the generality or effect of any other provision hereof, Buyer and Seller shall execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.

16.6 **Rights and Remedies are Cumulative**. Except for express remedies already provided in this Agreement, the rights and remedies of a Party pursuant to this Article 16 are cumulative and in addition to the rights of the Parties otherwise provided in this Agreement.

ARTICLE 17 INSURANCE

17.1 **Insurance**.

(a) **General Liability**. Seller shall maintain, or cause to be maintained at its sole expense, (i) commercial general liability insurance, including sudden and accidental pollution coverage, products and completed operations and personal injury insurance, with a minimum amount of [REDACTED] per occurrence, and an annual aggregate of [REDACTED], endorsed to provide contractual liability in said amount, specifically covering Seller's obligations under this Agreement and including Buyer as an additional insured but only to the extent of the liabilities assumed hereunder by Seller; and (ii) an umbrella insurance policy in a minimum amount of liability of [REDACTED]

Defense costs shall be provided as an additional benefit and not included with the limits of liability. Such insurance shall contain standard cross-liability and severability of interest provisions. Insurance may be evidenced through primary and excess policies.

(b) Employer's Liability Insurance. Employers' Liability insurance shall [REDACTED] [REDACTED] for injury or death occurring as a result of each accident. With regard to bodily injury by disease, [REDACTED] will apply to each employee.

(c) Workers Compensation Insurance. Seller, if it has employees, shall also maintain at all times during the Contract Term workers' compensation and employers' liability insurance coverage in accordance with applicable requirements of California Law.

(d) Business Auto Insurance. Seller shall maintain at all times during the Contract Term business auto insurance for bodily injury and property damage with limits of [REDACTED] [REDACTED] per occurrence. Such insurance shall cover liability arising out of Seller's use of all owned (if any), non-owned and hired vehicles, including trailers or semi-trailers in the performance of this Agreement.

(e) Construction All-Risk Insurance. Seller shall maintain or cause to be maintained during the construction of the Facility construction all-risk form property insurance covering the Facility during such construction periods, and naming the Seller (and Lender if any) as the loss payee.

(f) Contractor's Pollution Liability. Seller shall maintain or cause to be maintained during the construction of the Facility prior to the Commercial Operation Date, Pollution Legal Liability Insurance in the amount of [REDACTED] per occurrence and in the aggregate, naming the Seller (and Lender if any) as additional named insured.

(g) Subcontractor Insurance. Seller shall require all of its subcontractors to carry the same levels of insurance as Seller. All subcontractors shall include Seller as an additional insured to (i) comprehensive general liability insurance; (ii) workers' compensation insurance and employers' liability coverage; and (iii) business auto insurance for bodily injury and property damage. All subcontractors shall provide a primary endorsement and a waiver of subrogation to Seller for the required coverage pursuant to this Section 17.1(g).

(h) Evidence of Insurance. Prior to the Effective Date and upon annual renewal of required insurance coverage thereafter, Seller shall deliver to Buyer certificates of insurance evidencing such coverage as is required to be in effect at the times specified above. These certificates shall specify that Buyer shall be given at least thirty (30) days prior Notice by Seller in the event of any material modification, cancellation or termination of coverage. Such insurance shall be primary coverage without right of contribution from any insurance of Buyer. Any other insurance maintained by Seller is for the exclusive benefit of Seller and shall not in any manner inure to the benefit of Buyer.

ARTICLE 18 CONFIDENTIAL INFORMATION

18.1 **Definition of Confidential Information.** “Confidential Information” means any secret, proprietary, confidential or otherwise nonpublic information of or relating to a Party or its affiliates disclosed, whether oral or written, that is disclosed or delivered by Seller to Buyer or by Buyer to Seller, and includes pricing and other commercially sensitive terms and conditions of, and proposals and negotiations related to, this Agreement. Confidential Information does not include (i) information that was publicly available at the time of the disclosure, other than as a result of a disclosure in breach of this Agreement; (ii) information that becomes publicly available through no fault of the recipient after the time of the delivery; (iii) information that was rightfully in the possession of the recipient (without confidential or proprietary restriction) at the time of delivery or that becomes available to the recipient from a source not subject to any restriction against disclosing such information to the recipient; and (iv) information that the recipient independently developed without a violation of this Agreement.

18.2 **Duty to Maintain Confidentiality.** Confidential Information will retain its character as Confidential Information but may be disclosed by the recipient (the “**Receiving Party**”) if and to the extent such disclosure is required (a) to be made to comply with any requirements of Law, regulation, or any exchange, control area or independent system operator rule or in connection with any court or regulatory proceeding applicable to the disclosing Party or any of its Affiliates, (b) pursuant to an order of a court or (c) in order to enforce this Agreement. If the Receiving Party becomes legally compelled (by interrogatories, requests for information or documents, subpoenas, summons, civil investigative demands, or similar processes or otherwise in connection with any litigation or to comply with any applicable law, order, regulation, ruling, regulatory request, accounting disclosure rule or standard or any exchange, control area or independent system operator request or rule) to disclose any Confidential Information of the disclosing Party (the “**Disclosing Party**”), Receiving Party shall provide Disclosing Party with prompt notice so that Disclosing Party, at its sole expense, may seek an appropriate protective order or other appropriate remedy. The Receiving Party is not required to defend against such request and shall be permitted to disclose such Confidential Information of the Disclosing Party, with no liability for any damages that arise from such disclosure. The Parties acknowledge and agree that this Agreement, and information and documentation provided in connection with this Agreement, including Confidential Information, may be subject to the California Public Records Act (Government Code Section 7920 et seq.), and Buyer shall incur no liability arising out of any disclosure of such information or documentation provided in connection with this Agreement, including Confidential Information, that is subject to public disclosure under the California Public Records Act.

18.3 **Irreparable Injury; Remedies.** Receiving Party acknowledges that its obligations hereunder are necessary and reasonable in order to protect Disclosing Party and the business of Disclosing Party, and expressly acknowledges that monetary damages would be inadequate to compensate Disclosing Party for any breach or threatened breach by Receiving Party of any covenants and agreements set forth herein. Accordingly, Receiving Party acknowledges that any such breach or threatened breach will cause irreparable injury to Disclosing Party and that, in addition to any other remedies that may be available, in law, in equity or otherwise, Disclosing Party will be entitled to obtain injunctive relief against the threatened breach of this Agreement or

the continuation of any such breach, without the necessity of proving actual damages.

18.4 **Disclosure to Lenders, Etc.** Notwithstanding anything to the contrary in this Article 18, Confidential Information may be disclosed by Seller to any actual or potential Lender or any of its Affiliates, and Seller's actual or potential investors, purchasers (including Tax Credit buyers), agents, consultants, contractors, or trustees, so long as such Person to whom Confidential Information is disclosed agrees in writing to be bound by the confidentiality provisions that are at least as restrictive as this Article 18 to the same extent as if it were a Party.

18.5 **Press Releases.** Neither Party shall issue (or cause its Affiliates to issue) a press release regarding the transactions contemplated by this Agreement unless both Parties have agreed upon the contents of any such public statement. For the purposes of this section and to the extent the information is not prohibited by law from disclosure, press release does not include records released by Buyer, including annual comprehensive financial reports; memorandums or reports to Buyer's city council; documentations submitted to regulatory agencies; disclosures related to public financings; and production of records required by subpoena, court order, or under the California Public Records Act (Government Code Section 7920 et seq.).

ARTICLE 19 MISCELLANEOUS

19.1 **Entire Agreement; Integration; Exhibits.** This Agreement, together with the Cover Sheet and Exhibits attached hereto, constitutes the entire agreement and understanding between Seller and Buyer with respect to the subject matter hereof and supersedes all prior agreements relating to the subject matter hereof, which are of no further force or effect. The Exhibits attached hereto are integral parts hereof and are made a part of this Agreement by reference. The headings used herein are for convenience and reference purposes only. In the event of a conflict between the provisions of this Agreement and those of the Cover Sheet or any Exhibit, the provisions of first the Cover Sheet, and then this Agreement shall prevail, and such Exhibit shall be corrected accordingly. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other Party as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.

19.2 **Amendments.** This Agreement may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Seller and Buyer; *provided*, that, this Agreement may not be amended by electronic mail communications.

19.3 **No Waiver.** Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default.

19.4 **No Agency, Partnership, Joint Venture or Lease.** Seller and the agents and employees of Seller shall, in the performance of this Agreement, act in an independent capacity and not as officers or employees or agents of Buyer. Under this Agreement, Seller and Buyer intend to act as energy seller and energy purchaser, respectively, and do not intend to be treated as, and shall not act as, partners in, co-venturers in or lessor/lessee with respect to the Facility or any business related to the Facility. This Agreement shall not impart any rights enforceable by any

third party (other than a permitted successor or assignee bound to this Agreement or, to the extent set forth herein or in any Collateral Assignment Agreement, any Lender) or Indemnified Party.

19.5 **Severability**. In the event that any provision of this Agreement is unenforceable or held to be unenforceable, the Parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby. The Parties shall, however, use their best endeavors to agree on the replacement of the void, illegal or unenforceable provision(s) with legally acceptable clauses which correspond as closely as possible to the sense and purpose of the affected provision and this Agreement as a whole.

19.6 **Mobile-Sierra**. Notwithstanding any other provision of this Agreement, neither Party shall seek, nor shall they support any third party seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior written agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party shall be the “public interest” application of the “just and reasonable” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 (2008), and *NRG Power Marketing LLC v. Maine Public Utility Commission*, 558 U.S. 527 (2010). Changes proposed by a non-Party or FERC acting *sua sponte* shall be subject to the most stringent standard permissible under applicable law.

19.7 **Counterparts; Electronic Signatures**. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original. The Parties may rely on electronic or scanned signatures as originals.

19.8 **Electronic Delivery**. Delivery of an executed signature page of this Agreement by electronic format (including portable document format (.pdf)) shall be the same as delivery of an original executed signature page.

19.9 **Binding Effect**. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

19.10 **No Recourse 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.) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. Buyer shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Seller shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Buyer’s constituent members, or the employees, directors, officers, consultants or advisors or Buyer or its constituent members, in connection with this Agreement.

19.11 **Forward Contract; Service Contract**. The Parties intend that this Agreement

constitutes a “forward contract” within the meaning of the U.S. Bankruptcy Code, and Buyer and Seller are “forward contract merchants” within the meaning of the U.S. Bankruptcy Code. Each Party further agrees that, for all purposes of this Agreement, each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. § 366 in any bankruptcy proceeding wherein such Party is a debtor. In any such proceeding, each Party further waives the right to assert that the other Party is a provider of last resort to the extent such term relates to 11 U.S.C. §366 or another provision of 11 U.S.C. § 101-1532. The Parties intent for this Agreement to be a service contract as described in Section 7701(e) of the Internal Revenue Code of 1986, as amended.

19.12 **Further Assurances**. Each of the Parties hereto agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, to give full effect to this Agreement and to carry out the intent of this Agreement.

[Signatures on following page]

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

CEDAR 1 SES LLC

By: _____
Name: _____
Title: _____
Date: _____

**Ava Community Energy Authority, a
California joint powers authority**

By: _____
Name: _____
Title: _____
Date: _____

Approved as to form:

Inder Khalsa, Interim General Counsel

EXHIBIT A

FACILITY DESCRIPTION

Site Name: CEDAR 1 SES

Site includes all or some of the following APNs: [REDACTED]

County: Imperial County, California

Type of Generating Facility: Solar photovoltaic electricity generating facility

Type of Storage Facility: A lithium-ion battery energy storage system which is capable of receiving Charging Energy from the Generating Facility and in the form of grid energy.

SCADA and Energy Management Software: Remotely operable, 2-4 second timestamps, historian (at least 5 years of storage), AGC communication and operability with the Generating Facility controller and Buyer's SC, and provides the following Applications/Modes: Frequency Response and Dynamic Voltage Support– for both Generating Facility and Storage Facility; Shifting; Regulation; Flexible Ramp; Spinning Reserve; and ITC Compliance (if applicable). The energy management system will provide real-time output data from both the Generating Facility and the Storage Facility. The energy management system will be programmed or have the capability to receive and process operating instructions received directly from CAISO software, including receiving and processing data from the CAISO ADS and CMRI systems (or such successor systems). This shall include the ability to receive such operating instructions from the CAISO using a security-based certificate as may be installed in the energy management system (i.e., Seller can install an CAISO security certificate and therefore be able to receive and process set point operating instructions received directly from the CAISO systems).

Operating Restrictions of Storage Facility: See Exhibit Q

Guaranteed Capacity: See definition in Section 1.1

Storage Contract Capacity: See definition in Section 1.1

Maximum Facility Output: 100 MW

Maximum Charging Capacity: 100 MW

Maximum Discharging Capacity: 100 MW

Delivery Point: [REDACTED]

Generating Facility Meter Locations: See Exhibit R

Storage Facility Meter Locations: See Exhibit R

Facility Interconnection Point: The point of interconnection with the Imperial Irrigation District (IID) transmission system

Facility PNode: [REDACTED]

Participating Transmission Owner: Imperial Irrigation District

EXHIBIT B**FACILITY CONSTRUCTION AND COMMERCIAL OPERATION****1. Facility Construction.**

(a) “**Construction Start**” will occur once Seller has acquired all applicable regulatory authorizations, approvals and permits for the construction of the Facility, engaged all major contractors and ordered all major equipment and supplies as, in each case, can reasonably be considered necessary so that physical construction of the Facility may begin and proceed to completion without foreseeable interruption of material duration, and executed an engineering, procurement, and construction contract or an equipment supply agreement and a balance of plant contract and issued thereunder a full notice to proceed that authorizes the contractor to mobilize to Site and begin physical construction of the Facility at the Site. The date of Construction Start will be evidenced by and subject to Seller’s delivery to Buyer of a certificate substantially in the form attached as Exhibit J hereto, and the date certified therein shall be the “**Construction Start Date.**” Seller shall cause Construction Start to occur no later than the Guaranteed Construction Start Date.

(b) The “**Guaranteed Construction Start Date**” means the Expected Construction Start Date, subject to extensions on a day-for-day basis for the Development Cure Period.

(c) If Seller fails to achieve Construction Start on or before the Guaranteed Construction Start Date, Seller shall pay Construction Delay Damages to Buyer for each day of delay in achieving Construction Start. Construction Delay Damages shall be paid to Buyer in arrears on a monthly basis. Buyer shall invoice Seller for Construction Delay Damages, if any, accrued during the prior month and, within ten (10) Business Days following Seller’s receipt of such invoice, Seller shall pay Buyer the amount of Construction Delay Damages set forth in such invoice. Construction Delay Damages shall be refundable to Seller pursuant to Section 2(b) of this Exhibit B. The Parties agree that Buyer’s receipt of Construction Delay Damages shall be Buyer’s sole and exclusive remedy for Seller’s unexcused delay in achieving the Construction Start Date, but shall (x) not be construed as Buyer’s declaration that an Event of Default has occurred under any provision of Section 11.1 and (y) not limit Buyer’s right to declare an Event of Default pursuant to Section 11.1(b)(i) and receive a Damage Payment upon exercise of Buyer’s default right pursuant to Section 11.2.

2. Commercial Operation of the Facility. “**Commercial Operation**” means the condition existing when (i) Seller has fulfilled all of the conditions precedent in Section 2.2 of the Agreement and provided Notice to Buyer substantially in the form of Exhibit H (the “**COD Certificate**”) (ii) Seller has notified Buyer in writing that it has provided the required documentation to Buyer and met the conditions for achieving Commercial Operation, and (iii) Buyer has acknowledged to Seller in writing that Buyer agrees that Commercial Operation has been achieved, which acknowledgement shall not be unreasonably withheld, conditioned or delayed. The “**Commercial Operation Date**” shall be the later of (i) January 1, 2026, or (ii) the date on which Commercial Operation is achieved.

(a) Seller shall cause Commercial Operation for the Facility to occur by the Expected Commercial Operation Date (as such date may be extended by the Development Cure Period

(defined below), the “**Guaranteed Commercial Operation Date**”). Seller shall notify Buyer that it intends to achieve Commercial Operation at least [REDACTED] before the anticipated Commercial Operation Date.

(b) If Seller achieves Commercial Operation for the Facility by the Guaranteed Commercial Operation Date, all Construction Delay Damages paid by Seller shall be refunded to Seller. If Seller does not achieve Commercial Operation by the Guaranteed Commercial Operation Date, then, without limiting Buyer’s right to COD Delay Damages in accordance with clause (c) below, Buyer shall refund to Seller any Construction Delay Damages paid by Seller for each day of delay in achieving Construction Start in excess of the number of days by which the Commercial Operation Date exceeded the Guaranteed Commercial Operation Date. Seller shall include a request for refund of the Construction Delay Damages with the first invoice to Buyer after Commercial Operation.

(c) If Seller does not achieve Commercial Operation by the Guaranteed Commercial Operation Date, as it may be extended as provided herein, Seller shall pay COD Delay Damages to Buyer for each day after the Guaranteed Commercial Operation Date until the Commercial Operation Date and shall be paid to Buyer in advance on a monthly basis. A prorated amount will be returned to Seller if COD is achieved during the month for which COD Delay Damages were paid in advance. The Parties agree that Buyer’s receipt of COD Delay Damages shall be Buyer’s sole and exclusive remedy for Seller’s failure to achieve the Commercial Operation Date on or before the Guaranteed Commercial Operation Date, but shall (x) not be construed as Buyer’s declaration that an Event of Default has occurred under any provision of Section 11.1 and (y) not limit Buyer’s right to declare an Event of Default pursuant to Section 11.1(b)(ii) and receive a Damage Payment upon exercise of Buyer’s default right pursuant to Section 11.2.

3. **Termination for Failure to Achieve Commercial Operation.** If the Facility has not achieved Commercial Operation within [REDACTED] the Guaranteed Commercial Operation Date, Buyer may elect to terminate this Agreement in accordance with Sections 11.1(b)(ii) and 11.2.

4. **Extension of the Guaranteed Dates.** The Guaranteed Construction Start Date and the Guaranteed Commercial Operation Date shall both, subject to notice and documentation requirements set forth below, be automatically extended on a day-for-day basis (the “**Development Cure Period**”) due to:

- (a) [REDACTED]
- (b) [REDACTED]
- (c) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- (d) [REDACTED]
[REDACTED]
[REDACTED]

(e) [REDACTED]

Notwithstanding anything to the contrary, the cumulative extensions under the Development Cure Period (other than the extensions granted pursuant to clause 4(e) above) shall not exceed [REDACTED] for any reason. In addition, no extension shall be given under the Development Cure Period (i) if the delay was due to Seller's failure to take commercially reasonable actions to meet its requirements and deadlines, [REDACTED].

[REDACTED]

5. Failure to Reach Guaranteed Capacity or Storage Contract Capacity.

(a) *Guaranteed Capacity.* If, at Commercial Operation, the Installed Generating Capacity is less than one hundred percent (100%) of the Guaranteed Capacity, Seller shall have one hundred twenty (120) days after the Commercial Operation Date to install additional capacity or Network Upgrades such that the Installed Generating Capacity is equal to (but not greater than) the Guaranteed Capacity, and Seller shall provide to Buyer a new certificate substantially in the form attached as Exhibit I hereto specifying the new Installed Generating Capacity. If Seller fails to construct the Guaranteed Capacity by such date, Seller shall pay "**Capacity Damages**" to Buyer, in an amount equal to Two Hundred Fifty Thousand Dollars (\$250,000) for each MW (or portion thereof) that the Guaranteed Capacity exceeds the Installed Generating Capacity, and the Guaranteed Capacity and other applicable portions of this Agreement shall be adjusted accordingly.

(b) *Storage Contract Capacity.* If, at Commercial Operation, the Installed Battery Capacity is less than one hundred percent (100%) of the Storage Contract Capacity, Seller shall have one hundred twenty (120) days after the Commercial Operation Date to install additional capacity or Network Upgrades such that the Installed Battery Capacity is equal to (but not greater than) one hundred percent (100%) of the Storage Contract Capacity, and Seller shall provide to Buyer a new certificate substantially in the form attached as Exhibit I hereto specifying the new

Installed Battery Capacity. If Seller fails to construct the Storage Contract Capacity by such date, Seller shall pay Capacity Damages to Buyer, in an amount equal to Two Hundred Fifty Thousand Dollars (\$250,000) for each MW (or portion thereof) that the Storage Contract Capacity exceeds the Installed Battery Capacity, and the Storage Contract Capacity and other applicable portions of this Agreement shall be adjusted accordingly.

EXHIBIT C
COMPENSATION

Buyer shall compensate Seller for the Product in accordance with this Exhibit C.

(a) Renewable Rate. Buyer shall pay Seller the Renewable Rate for each MWh of Generating Facility Energy, [REDACTED]

[REDACTED]

(b) [REDACTED]

(c) [REDACTED]

(d) Excess Settlement Interval Deliveries. If during any Settlement Interval, the amount of Generating Facility Energy delivered to the Delivery Point is greater than the product of the Guaranteed Capacity and the duration of the Settlement Interval, expressed in hours (“**Excess Settlement Interval Deliveries**”), then the price applicable to all such Excess Settlement Interval Deliveries in such Settlement Interval shall be zero dollars (\$0), and if there is a Negative LMP during such Settlement Interval, Seller shall pay to Buyer an amount equal to the product of absolute value of the Negative LMP times such Excess Settlement Interval Deliveries (“**Negative LMP Costs**”).

(e) Reserved.

(f) Curtailed Payments. Seller shall receive no compensation from Buyer for Generating Facility Energy reduced pursuant to a Curtailment Order during any Curtailment Period.

(g) Storage Rate. All Storage Product shall be paid on a monthly basis at the Storage Rate *multiplied by* 1,000, *multiplied by* the Storage Contract Capacity for such month, as adjusted for the most recent Storage Capacity Test, *multiplied by* the Availability Adjustment for such month (as determined under Exhibit P). Such payment constitutes the entirety of the amount due to Seller from Buyer for the Storage Product. If the Storage Contract Capacity is adjusted pursuant to a Storage Capacity Test on any day other than the first day of a calendar month, payment shall be calculated separately for each portion of the month in which the different Storage Contract Capacity is applicable.

(h) Liquidated Damages for Failure to Achieve Guaranteed Efficiency Rate. If during any month during the Delivery Term, the Efficiency Rate applicable to such month is less than the

Guaranteed Efficiency Rate, Seller shall owe liquidated damages to Buyer, which damages shall be calculated by *multiplying* (i) the total Charging Energy for such month, *by* (ii) the percentage amount by which such applicable Efficiency Rate is less than the Guaranteed Efficiency Rate, *by* (iii) the Renewable Rate, which amount shall be credited by Seller against amounts owed by Buyer in the applicable monthly invoice.

(i) Test Energy. Test Energy is compensated at the Test Energy Rate in accordance with Section 3.6.

(j) Tax Credits. The Parties agree that the neither the Renewable Rate, the Storage Rate nor the Test Energy Rate are subject to adjustment or amendment if Seller fails to receive any Tax Credits, or if any Tax Credits expire, are repealed or otherwise cease to apply to Seller or the Facility in whole or in part, or Seller or its investors are unable to benefit from any Tax Credits. Seller shall bear all risks, financial and otherwise, throughout the Contract Term, associated with Seller's or the Facility's eligibility to receive Tax Credits or to qualify for accelerated depreciation for Seller's accounting, reporting or Tax purposes. The obligations of the Parties hereunder, including those obligations set forth herein regarding the purchase price for and Seller's obligation to deliver Product, shall be effective regardless of whether the sale of Product is eligible for, or receives Tax Credits during the Contract Term.

EXHIBIT D**SCHEDULING COORDINATOR RESPONSIBILITIES**

(a) Buyer as Scheduling Coordinator for the Facility. Upon Initial Synchronization of the Facility to the CAISO Grid, Buyer shall be the Scheduling Coordinator or designate a qualified third party to provide Scheduling Coordinator services with the CAISO for the Facility for both the delivery and the receipt of Test Energy and the Product at the Delivery Point. At least thirty (30) days prior to the Initial Synchronization of the Facility to the CAISO Grid, (i) Seller shall take all reasonable actions and execute and deliver to Buyer and the CAISO all documents necessary to authorize or designate Buyer (or Buyer's designee) as the Scheduling Coordinator for the Facility effective as of the Initial Synchronization of the Facility to the CAISO Grid, and (ii) Buyer shall, and shall cause its designee to, expeditiously take all actions and execute and deliver to Seller and the CAISO all documents necessary to authorize or designate Buyer or its designee as the Scheduling Coordinator for the Facility effective as of the Initial Synchronization of the Facility to the CAISO Grid through the termination or expiration of the Delivery Term. On and after Initial Synchronization of the Facility to the CAISO Grid, Seller shall not authorize or designate any other party to act as the Facility's Scheduling Coordinator, nor shall Seller perform for its own benefit the duties of Scheduling Coordinator, and Seller shall not revoke Buyer's authorization to act as the Facility's Scheduling Coordinator unless agreed to by Buyer. Buyer or Buyer's SC shall submit Schedules to the CAISO in accordance with this Agreement and the applicable CAISO Tariff, protocols and Scheduling practices for Product on a day-ahead, hour-ahead, fifteen-minute market or real time or other market basis that may develop after the Effective Date, as determined by Buyer consistent with the CAISO Tariff. Buyer shall cause its Scheduling Coordinator to reasonably cooperate with Seller during the testing and commissioning of the Facility prior to the Commercial Operation Date. Buyer (or Buyer's SC) shall comply with all applicable CAISO Tariff requirements, procedures, protocols, rules and testing as applicable to Buyer as the Scheduling Coordinator for the Facility. Seller, as owner of the Facility, shall comply with all applicable CAISO Tariff requirements, procedures, protocols, rules and testing as applicable to Seller as owner of the Facility, including, as applicable, CAISO's rules for Pseudo-Tie Resources. Seller shall ensure that Buyer or Buyer's SC has all necessary data access or reporting, as applicable, to the extent necessary to satisfy any applicable CAISO requirements, including, as applicable, CAISO's rules for updating ETags for Pseudo-Tie Resources.

(b) Notices. Buyer (as Buyer's SC) shall provide Seller with access to a web-based system through which Seller shall submit to Buyer and the CAISO all notices and updates required under the CAISO Tariff regarding the Facility's status, including, but not limited to, all outage requests, forced outages, forced outage reports, clearance requests, must offer waiver forms, inability to follow CAISO dispatches or directives, and any other notice or update required of a Generating Facility or a Non-Generator Resource. Seller will cooperate with Buyer to provide such notices and updates promptly, with standard notices to be provided to Buyer with sufficient time for the Buyer to notify the CAISO and meet CAISO timelines. If the web-based system is not available, Seller shall promptly submit such information to Buyer and the CAISO (in order of preference) telephonically, by electronic mail, transmission to the personnel designated to receive such information. Buyer or Buyer's SC shall provide Seller with read-only access to applicable real-time CAISO data to the extent Buyer has the authorization to do so.

(c) CAISO Costs and Revenues. Except as otherwise set forth below, Buyer (as Scheduling Coordinator for the Facility) shall be responsible for CAISO costs, charges, and penalties (including penalties, Imbalance Energy and Charging Energy costs or revenues, and other charges) and shall be entitled to all CAISO revenues (including credits, Imbalance Energy or Charging Energy revenues or costs, and other payments), including revenues associated with CAISO dispatches, bid cost recovery, Inter-SC Trade credits, or other credits in respect of the Product Scheduled or delivered from the Facility. Seller shall assume all liability and reimburse Buyer for any and all costs, charges or sanctions associated with delivery of Resource Adequacy Benefits from the Facility (including Non-Availability Charges (as defined in the CAISO Tariff)); provided that any Availability Incentive Payments (as defined in the CAISO Tariff) are for the benefit of Seller and for Seller's account and that any Non-Availability Charges (as defined in the CAISO Tariff) are the responsibility of the Seller and for Seller's account. Seller shall be responsible for all CAISO penalties resulting from any failure by Seller to abide by the CAISO Tariff or the outage notification requirements set forth in this Agreement (except to the extent such non-compliance is caused by Buyer's failure to perform its duties as Scheduling Coordinator for the Facility). The Parties agree In addition, if during the Delivery Term, the CAISO implements or has implemented any sanction or penalty related to scheduling, outage reporting, or generator operation, and any such sanctions or penalties are imposed upon the Facility or to Buyer as Scheduling Coordinator due to failure by Seller to abide by the CAISO Tariff or any CAISO directive, including Curtailment Orders, or to perform in accordance with this Agreement, including with respect to the outage notification requirements set forth in this Agreement, the cost of the sanctions or penalties shall be Seller's responsibility.

(d) CAISO Settlements. Buyer (as the Facility's SC) shall be responsible for all settlement functions with the CAISO related to the Facility. Buyer shall render a separate invoice to Seller for any CAISO payments, charges or penalties ("**CAISO Charges Invoice**") for which Seller is responsible under this Agreement. CAISO Charges Invoices shall be rendered after settlement information becomes available from the CAISO that identifies any CAISO charges. Notwithstanding the foregoing, Seller acknowledges that the CAISO will issue additional invoices reflecting CAISO adjustments to such CAISO charges. Buyer will review, validate, and if requested by Seller under paragraph (e) below, dispute any charges that are the responsibility of Seller in a timely manner and consistent with Buyer's existing settlement processes for charges that are Buyer's responsibilities. Subject to Seller's right to dispute and to have Buyer pursue the dispute of any such invoices, Seller shall pay the amount of CAISO Charges Invoices within ten (10) Business Days of Seller's receipt of the CAISO Charges Invoice. If Seller fails to pay such CAISO Charges Invoice within that period, Buyer may net or offset any amounts owing to it for such CAISO Charges Invoices against any future amounts it may owe to Seller under this Agreement. The obligations under this Section with respect to payment of CAISO Charges Invoices shall survive the expiration or termination of this Agreement.

(e) Dispute Costs. Buyer (as the Facility's SC) may be required by Seller to dispute CAISO settlements in respect of the Facility. Seller agrees to pay Buyer's costs and expenses (including reasonable attorneys' fees) associated with its involvement with such CAISO disputes to the extent they relate to CAISO charges payable by Seller with respect to the Facility that Seller has directed Buyer to dispute.

(f) Terminating Buyer's Designation as Scheduling Coordinator. At least thirty (30)

days prior to expiration of this Agreement or as soon as reasonably practicable upon an earlier termination of this Agreement, the Parties will take all actions necessary to terminate the designation of Buyer or Buyer's designated SC as Scheduling Coordinator for the Facility as of 11:59 p.m. on such expiration date.

(g) Master Data File and Resource Data Template; Master Resource Database. Seller shall provide the data to the CAISO (and to Buyer) that is required for the CAISO's Master Data File and Resource Data Template (or successor data systems) for the Facility consistent with this Agreement. Seller shall provide the data that is required for the CPUC's Master Resource Database for the Facility consistent with this Agreement to Buyer for review and approval at least five (5) Business Days before the deadline for submission of such to the CPUC. Neither Party shall change such data without the other Party's prior written consent. At least once per Contract Year, Seller shall review and confirm that the data provided for the CAISO's Master Data File and Resource Data Template (or successor data systems) and CPUC's Master Resource Database for this Facility remains consistent with the actual operating characteristics of the Facility and update such data as appropriate.

(h) NERC Reliability Standards. Buyer (as Scheduling Coordinator) shall cooperate reasonably with Seller, or cause its designated SC to cooperate reasonably with Seller, to the extent necessary to enable Seller to comply, and for Seller to demonstrate Seller's compliance with, NERC reliability standards. This cooperation shall include the provision of information in Buyer's possession or its designated SC's possession, as applicable, that Buyer (as Scheduling Coordinator) or its designated SC, as applicable, has provided to the CAISO related to the Facility or actions taken by Buyer (as Scheduling Coordinator) or its designated SC, as applicable, related to Seller's compliance with applicable NERC reliability standards.

EXHIBIT E

PROGRESS REPORTING FORM

Each Progress Report must include the following items:

1. Executive Summary.
2. Facility description.
3. Site plan of the Facility.
4. Description of any material planned changes to the Facility or the site.
5. Gantt chart schedule showing progress on achieving each of the Milestones.
6. Summary of activities during the previous calendar quarter, including any OSHA labor hour reports.
7. Forecast of activities scheduled for the current calendar quarter or month as applicable.
8. Written description about the progress relative to Seller's Milestones, including whether Seller has met or is on target to meet the Milestones.
9. List of issues that are reasonably likely to affect Seller's Milestones.
10. A status report of start-up activities including a forecast of activities ongoing and after start-up, a report on Facility performance including performance projections for the next twelve (12) months.
11. The utilization of union labor by Seller's principal EPC contractor, and a status report on Seller's good faith efforts to utilize workers in the construction of the Facility that qualify as a Local Hire. "Local Hire" means a resident within the nearest communities in proximity to the Facility, by radius as reasonably determined on a project-by-project basis. Such radius will target a distance that is within reasonable daily commuting distance; or a resident within the county where the Facility is being constructed.
12. Progress and schedule of all major agreements, contracts, permits, approvals, technical studies, financing agreements and major equipment purchase orders showing the start dates, completion dates, and completion percentages.
13. Pictures, in sufficient quantity and of appropriate detail, in order to document construction and startup progress of the Facility, the interconnection into the Transmission System and all other interconnection utility services.
14. Any other documentation reasonably requested by Buyer.

EXHIBIT F-1**FORM OF AVERAGE EXPECTED ENERGY REPORT****Average Expected Energy (in MWh)**

	1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	24:00	
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DEC																									

The foregoing table is provided for informational purposes only, and it shall not constitute, or be deemed to constitute, an obligation of any of the Parties to this Agreement.

EXHIBIT F-2

FORM OF MONTHLY DELIVERY FORECAST

The following tables are provided for informational purposes only, and shall not constitute, or be deemed to constitute, an obligation of any of the Parties to this Agreement.

Hourly Expected Energy

HE	Day																													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
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Available Generating Capacity, MW Per Hour – [Insert Month]

	1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	24:00
Day 1																								
Day 2																								
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Day 4																								
Day 5																								
[insert additional rows for each day in the month]																								
Day 29																								
Day 30																								
Day 31																								

Storage Capacity, MW Per Hour – [Insert Month]

	1:00	2:00	3:00	4:00	5:00	6:00	7:00	8:00	9:00	10:00	11:00	12:00	13:00	14:00	15:00	16:00	17:00	18:00	19:00	20:00	21:00	22:00	23:00	24:00
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Day 2																								
Day 3																								
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Day 5																								
[insert additional rows for each day in the month]																								
Day 29																								
Day 30																								
Day 31																								

EXHIBIT H**FORM OF COMMERCIAL OPERATION DATE CERTIFICATE**

This certification ("**Certification**") of Commercial Operation is delivered by [licensed professional engineer] ("**Engineer**") to Ava Community Energy Authority, a California joint powers authority ("**Buyer**") in accordance with the terms of that certain Renewable Power Purchase Agreement dated [Date] by and between CEDAR 1 SES LLC ("**Seller**") and Buyer ("**Agreement**"). All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

As of [Date], Engineer hereby certifies and represents to Buyer the following:

1. The Generating Facility and the Storage Facility are fully operational, and interconnected, fully integrated and synchronized with the Transmission System.
2. Seller has installed equipment for the Generating Facility with a nameplate capacity of no less than ninety-five percent (95%) of the Guaranteed Capacity.
3. Seller has installed equipment for the Storage Facility with a nameplate capacity of no less than ninety-five percent (95%) of the Storage Contract Capacity.
4. Seller has commissioned all equipment in accordance with its respective manufacturer's specifications.
5. Seller has demonstrated functionality of the Facility's communication systems and AGC interface to operate the Facility as necessary to respond and follow instructions, including an electronic signal conveying real time and intra-day instructions, directed by the Buyer in accordance with the Agreement and the CAISO.
6. The Generating Facility's testing included a performance test demonstrating peak electrical output of no less than ninety-five percent (95%) of the Guaranteed Capacity for the Generating Facility at the Delivery Point, as adjusted for ambient conditions on the date of the Facility testing.
7. The Storage Facility is fully capable of charging, storing and discharging energy up to no less than ninety-five percent (95%) of the Storage Contract Capacity and receiving instructions to charge, store and discharge energy, all within the operational constraints and subject to the applicable Operating Restrictions.
8. Authorization to parallel the Facility was obtained from the Participating Transmission Owner.
9. The Transmission Provider has provided documentation supporting full unrestricted release for Commercial Operation.
10. The PTO has provided notification supporting Commercial Operation, in accordance with the PTO Tariff, as applicable.

11. Seller shall have caused the Generating Facility and the Storage Facility to be included in the Full Network Model and has the ability to offer Bids into the CAISO Day-Ahead Market and Real-Time Market in respect of each of the Generating Facility and Storage Facility.

EXECUTED by [LICENSED PROFESSIONAL ENGINEER]

this _____ day of _____, 20__.

[LICENSED PROFESSIONAL ENGINEER]

By: _____

Printed Name: _____

Title: _____

EXHIBIT I

FORM OF INSTALLED CAPACITY CERTIFICATE

This certification (“**Certification**”) of Installed Capacity is delivered by [licensed professional engineer] (“**Engineer**”) to Ava Community Energy Authority, a California joint powers authority (“**Buyer**”) in accordance with the terms of that certain Renewable Power Purchase Agreement dated [Date] by and between CEDAR 1 SES LLC (“**Seller**”) and Buyer (“**Agreement**”). All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

I hereby certify the following:

(a) The performance test for the Generating Facility demonstrated peak electrical output of __ MW AC at the Delivery Point, as adjusted for ambient conditions on the date of the performance test (the “**Installed Generating Capacity**”);

(b) The Storage Capacity Test demonstrated a maximum operating capability that can be sustained for four (4) consecutive hours to discharge electric energy of __ MW AC to the Delivery Point, in accordance with the testing procedures, requirements and protocols set forth in Section 4.9 and Exhibit O (the “**Installed Battery Capacity**”); and

(c) The sum of (a) and (b) is __ MW AC and shall be the “**Installed Capacity**”.

EXECUTED by [LICENSED PROFESSIONAL ENGINEER]

this _____ day of _____, 20__.

[LICENSED PROFESSIONAL ENGINEER]

By: _____

Printed Name: _____

Title: _____

EXHIBIT J

FORM OF CONSTRUCTION START DATE CERTIFICATE

This certification of Construction Start Date (“**Certification**”) is delivered by CEDAR 1 SES LLC (“**Seller**”) to Ava Community Energy Authority, a California joint powers authority (“**Buyer**”) in accordance with the terms of that certain Renewable Power Purchase Agreement dated [Date] by and between Seller and Buyer (“**Agreement**”). All capitalized terms used in this Certification but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Seller hereby certifies and represents to Buyer the following:

1. Construction Start (as defined in Exhibit B of the Agreement) has occurred, and a copy of the notice to proceed that Seller issued to its contractor as part of Construction Start is attached hereto;
2. the Construction Start Date occurred on _____ (the “**Construction Start Date**”); and
3. the precise Site on which the Facility is located is, which must be within the boundaries of the previously identified Site: _____.

IN WITNESS WHEREOF, the undersigned has executed this Certification on behalf of Seller as of the ___ day of _____.

[SELLER ENTITY]

By: _____

Printed Name: _____

Title: _____

EXHIBIT K

FORM OF LETTER OF CREDIT

[Issuing Bank Letterhead and Address]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [XXXXXXXX]

Date: _____

Bank Ref.: _____

Amount: US\$[XXXXXXXX]

Expiration Date: _____

Beneficiary:

Ava Community Energy Authority

1999 Harrison Street, Suite 2300

Oakland, CA 94612

Attn: Howard Chang, COO

Email: powernotices@avaenergy.org

Ladies and Gentlemen:

By the order of _____ (“Applicant”), we, [insert bank name and address] (“Issuer”) hereby issue our Irrevocable Standby Letter of Credit No. [XXXXXXXX] (the “Letter of Credit”) in favor of Ava Community Energy Authority, a California joint powers authority (“Beneficiary”), for an amount not to exceed the aggregate sum of U.S. \$[XXXXXXXX] (United States Dollars [XXXXXX] and 00/100), pursuant to that certain Renewable Power Purchase Agreement dated as of _____ and as amended (the “Agreement”) between Applicant and Beneficiary. This Letter of Credit shall become effective immediately and shall expire on [Insert Date] which is one year after the issue date of this Letter of Credit, or any expiration date extended in accordance with the terms hereof (the “Expiration Date”).

Funds under this Letter of Credit are available to Beneficiary by valid presentation on or before the Expiration Date of a dated statement purportedly signed by your duly authorized representative, in the form attached hereto as Exhibit A, containing one of the two alternative paragraphs set forth in paragraph 2 therein, referencing our Letter of Credit No. [XXXXXXXX] (“Drawing Certificate”).

The Drawing Certificate may be presented by (a) physical delivery, (b) as a PDF attachment to an email to [*bank email address*] or (c) facsimile to [*bank fax number*] confirmed by [email to [*bank email address*]]. Transmittal by facsimile or email shall be deemed delivered when received.

The original of this Letter of Credit (and all amendments, if any) is not required to be presented in connection with any presentment of a Drawing Certificate by Beneficiary hereunder in order to receive payment.

We hereby agree with the Beneficiary that all documents presented under and in compliance with the terms of this Letter of Credit, that such drafts will be duly honored upon presentation to the Issuer on or before the Expiration Date. All payments made under this Letter of Credit shall be made with Issuer's own immediately available funds by means of wire transfer in immediately available United States dollars to Beneficiary's account as indicated by Beneficiary in its Drawing Certificate or in a communication accompanying its Drawing Certificate.

Partial draws are permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance.

It is a condition of this Letter of Credit that the Expiration Date shall be deemed automatically extended without an amendment for a one year period beginning on the present Expiration Date hereof and upon each anniversary for such date, unless at least one hundred twenty (120) days prior to any such Expiration Date we have sent to you written notice by overnight courier service that we elect not to extend this Letter of Credit, in which case it will expire on such Expiration Date, or such later date as may be specified in such notice. No presentation made under this Letter of Credit after such Expiration Date (or such later date, if applicable) will be honored.

Notwithstanding any reference in this Letter of Credit to any other documents, instruments or agreements, this Letter of Credit contains the entire agreement between Beneficiary and Issuer relating to the obligations of Issuer hereunder.

This Letter of Credit is issued subject to the rules of the 'International Standby Practices 1998', International Chamber of Commerce Publication No. 590 ("ISP98") and, as to matters not addressed by ISP98, shall be governed and construed in accordance with the laws of state of California.

Please address all correspondence regarding this Letter of Credit to the attention of the Letter of Credit Department at [*insert bank address information*], referring specifically to Issuer's Letter of Credit No. [XXXXXXXX]. For telephone assistance, please contact Issuer's Standby Letter of Credit Department at [XXX-XXX-XXXX] and have this Letter of Credit available.

All notices to Beneficiary shall be in writing and are required to be sent by certified letter, overnight courier, or delivered in person to: Ava Community Energy Authority, a California joint powers authority, Attn: Howard Chang, COO, 1999 Harrison Street, Suite 2300, Oakland, CA, 94612. Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

[Bank Name]

[Insert officer name]

[Insert officer title]

Exhibit A

Drawing Certificate

(DRAW REQUEST SHOULD BE ON BENEFICIARY'S LETTERHEAD)

[Insert Bank Name and Address]

Ladies and Gentlemen:

The undersigned, a duly authorized representative of Ava Community Energy Authority, a California joint powers authority, as beneficiary (the "Beneficiary") of the Irrevocable Letter of Credit No. [XXXXXXX] (the "Letter of Credit") issued by [insert bank name] (the "Bank") by order of _____ (the "Applicant"), hereby certifies to the Bank as follows:

1. Applicant and Beneficiary are party to that certain Renewable Power Purchase Agreement dated as of _____, 2024 (the "Agreement").
2. Beneficiary is making a drawing under this Letter of Credit in the amount of U.S. \$_____ because a Seller Event of Default (as such term is defined in the Agreement) has occurred or other occasion provided for in the Agreement where Beneficiary is authorized to draw on the Letter of Credit has occurred.

OR

Beneficiary is making a drawing under this Letter of Credit in the amount of U.S. \$_____, which equals the full available amount under the Letter of Credit, because Applicant is required to maintain the Letter of Credit in force and effect beyond the Expiration Date of the Letter of Credit but has failed to provide Beneficiary with a replacement Letter of Credit or other acceptable instrument within thirty (30) days prior to such Expiration Date.

3. The undersigned is a duly authorized representative of Ava Community Energy Authority, and is authorized to execute and deliver this Drawing Certificate on behalf of Beneficiary.

You are hereby directed to make payment of the requested amount to Ava Community Energy Authority by wire transfer in immediately available funds to the following account: [*Specify account information*]

Ava Community Energy Authority

Name and Title of Authorized Representative

Date_____

EXHIBIT L

FORM OF GUARANTY

This Guaranty (this “Guaranty”) is entered into as of [_____] (the “Effective Date”) by and between [Entity name, state of formation, type of entity] (“Guarantor”), and Ava Community Energy Authority, a California joint powers authority (together with its successors and permitted assigns, “Buyer”).

Recitals

A. Buyer and CEDAR 1 SES LLC (“Seller”), entered into that certain Renewable Power Purchase Agreement (as amended, restated or otherwise modified from time to time, the “PPA”) dated as of [____], 20__.

B. Guarantor is entering into this Guaranty as Performance Security to secure Seller’s obligations under the PPA, as required by Section 8.8 of the PPA.

C. It is in the best interest of Guarantor to execute this Guaranty inasmuch as Guarantor will derive substantial direct and indirect benefits from the execution and delivery of the PPA.

D. Initially capitalized terms used but not defined herein have the meaning set forth in the PPA.

Agreement

1. **Guaranty.** For value received, Guarantor does hereby unconditionally, absolutely and irrevocably guarantee, as primary obligor and not as a surety, to Buyer the full, complete and prompt payment by Seller of any and all amounts and payment obligations now or hereafter owing from Seller to Buyer under the PPA, including, without limitation, compensation for penalties, the Termination Payment, indemnification payments or other damages, as and when required pursuant to the terms of the PPA (the “Guaranteed Amount”), provided, that Guarantor’s aggregate liability under or arising out of this Guaranty shall not exceed _____ Dollars (\$_____). The Parties understand and agree that any payment by Guarantor or Seller of any portion of the Guaranteed Amount shall thereafter reduce Guarantor’s maximum aggregate liability hereunder on a dollar-for-dollar basis. This Guaranty is an irrevocable, absolute, unconditional and continuing guarantee of the full and punctual payment and performance, and not of collection, of the Guaranteed Amount and, except as otherwise expressly addressed herein, is in no way conditioned upon any requirement that Buyer first attempt to collect the payment of the Guaranteed Amount from Seller, any other guarantor of the Guaranteed Amount or any other Person or entity or resort to any other means of obtaining payment of the Guaranteed Amount. In the event Seller shall fail to duly, completely or punctually pay any Guaranteed Amount as required pursuant to the PPA, Guarantor shall promptly pay such amount as required herein.

2. **Demand Notice.** For avoidance of doubt, a payment shall be due for purposes of this Guaranty only when and if a payment is due and payable by Seller to Buyer under the terms and

conditions of the Agreement. If Seller fails to pay any Guaranteed Amount as required pursuant to the PPA for five (5) Business Days following Seller's receipt of Buyer's written notice of such failure (the "Demand Notice"), then Buyer may elect to exercise its rights under this Guaranty and may make a demand upon Guarantor (a "Payment Demand") for such unpaid Guaranteed Amount. A Payment Demand shall be in writing and shall reasonably specify in what manner and what amount Seller has failed to pay and an explanation of why such payment is due and owing, with a specific statement that Buyer is requesting that Guarantor pay under this Guaranty. Guarantor shall, within five (5) Business Days following its receipt of the Payment Demand, pay the Guaranteed Amount to Buyer.

3. **Scope and Duration of Guaranty.** This Guaranty applies only to the Guaranteed Amount. This Guaranty shall continue in full force and effect from the Effective Date until the earlier of the following: (x) all Guaranteed Amounts have been paid in full (whether directly or indirectly through set-off or netting of amounts owed by Buyer to Seller), or (y) replacement Performance Security is provided in an amount and form required by the terms of the PPA. Further, this Guaranty (a) shall remain in full force and effect without regard to, and shall not be affected or impaired by any invalidity, irregularity or unenforceability in whole or in part of this Guaranty, and (b) subject to the preceding sentence, shall be discharged only by complete performance of the undertakings herein. Without limiting the generality of the foregoing, the obligations of the Guarantor hereunder shall not be released, discharged, or otherwise affected and this Guaranty shall not be invalidated or impaired or otherwise affected for the following reasons:

- (i) the extension of time for the payment of any Guaranteed Amount, or
- (ii) any amendment, modification or other alteration of the PPA, or
- (iii) any indemnity agreement Seller may have from any party, or
- (iv) any insurance that may be available to cover any loss, except to the extent insurance proceeds are used to satisfy the Guaranteed Amount, or
- (v) any voluntary or involuntary liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, Seller or any of its assets, including but not limited to any rejection or other discharge of Seller's obligations under the PPA imposed by any court, trustee or custodian or any similar official or imposed by any law, statute or regulation, in each such event in any such proceeding, or
- (vi) the release, modification, waiver or failure to pursue or seek relief with respect to any other guaranty, pledge or security device whatsoever, or
- (vii) any payment to Buyer by Seller that Buyer subsequently returns to Seller pursuant to court order in any bankruptcy or other debtor-relief proceeding, or
- (viii) those defenses based upon (A) the legal incapacity or lack of power or authority of any Person, including Seller and any representative of Seller to enter into the PPA or perform its obligations thereunder, (B) lack of due execution, delivery, validity or enforceability, including of

the PPA, or (C) Seller's inability to pay any Guaranteed Amount or perform its obligations under the PPA, or

(ix) any other event or circumstance that may now or hereafter constitute a defense to payment of the Guaranteed Amount, including, without limitation, statute of frauds and accord and satisfaction;

provided that, subject to Guarantor's payment of a Guaranteed Amount in accordance with Paragraph 2, Guarantor reserves the right to assert for itself in a subsequent proceeding any defenses, setoffs or counterclaims that Seller is or may be entitled to assert against Buyer (except for such defenses, setoffs or counterclaims that may be asserted by Seller with respect to the PPA, but that are expressly waived under any provision of this Guaranty).

4. **Waivers by Guarantor.** Guarantor hereby unconditionally waives as a condition precedent to the performance of its obligations hereunder, with the exception of the requirements in Paragraph 2, (a) notice of acceptance, presentment or protest with respect to the Guaranteed Amounts and this Guaranty, (b) notice of any action taken or omitted to be taken by Buyer in reliance hereon, (c) any requirement that Buyer exhaust any right, power or remedy or proceed against Seller under the PPA, and (d) any event, occurrence or other circumstance which might otherwise constitute a legal or equitable discharge of a surety. Without limiting the generality of the foregoing waiver of surety defenses, it is agreed that the occurrence of any one or more of the following shall not affect the liability of Guarantor hereunder:

(i) at any time or from time to time, without notice to Guarantor, the time for payment of any Guaranteed Amount shall be extended, or such performance or compliance shall be waived;

(ii) the obligation to pay any Guaranteed Amount shall be modified, supplemented or amended in any respect in accordance with the terms of the PPA;

(iii) subject to Section 9, any (a) sale, transfer or consolidation of Seller into or with any other entity, (b) sale of substantial assets by, or restructuring of the corporate existence of, Seller or (c) change in ownership of any membership interests of, or other ownership interests in, Seller; or

(iv) the failure by Buyer or any other Person to create, preserve, validate, perfect or protect any security interest granted to, or in favor of, Buyer or any Person.

5. **Subrogation.** Notwithstanding any payments that may be made hereunder by the Guarantor, Guarantor hereby agrees that until the earlier of payment in full of all Guaranteed Amounts or expiration of the Guaranty in accordance with Section 3, it shall not be entitled to, nor shall it seek to, exercise any right or remedy arising by reason of its payment of any Guaranteed Amount under this Guaranty, whether by subrogation or otherwise, against Seller or seek contribution or reimbursement of such payments from Seller.

6. **Representations and Warranties.** Guarantor hereby represents and warrants that (a) it has all necessary and appropriate [*limited liability company*][*corporate*] powers and authority and the legal right to execute and deliver, and perform its obligations under, this Guaranty, (b) this Guaranty constitutes its legal, valid and binding obligations enforceable against it in accordance

with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting enforcement of creditors' rights or general principles of equity, (c) the execution, delivery and performance of this Guaranty does not and will not contravene Guarantor's organizational documents, any applicable Law or any contractual provisions binding on or affecting Guarantor, (d) there are no actions, suits or proceedings pending before any court, governmental agency or arbitrator, or, to the knowledge of the Guarantor, threatened, against or affecting Guarantor or any of its properties or revenues which may, in any one case or in the aggregate, adversely affect the ability of Guarantor to enter into or perform its obligations under this Guaranty, and (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority, and no consent of any other Person (including, any stockholder or creditor of the Guarantor), that has not heretofore been obtained is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty by Guarantor.

7. **Notices.** Notices under this Guaranty shall be deemed received if sent to the address specified below: (i) on the day received if served by overnight express delivery, and (ii) four Business Days after mailing if sent by certified, first class mail, return receipt requested. If transmitted by facsimile, such notice shall be deemed received when the confirmation of transmission thereof is received by the party giving the notice. Any party may change its address or facsimile to which notice is given hereunder by providing notice of the same in accordance with this Paragraph 7.

If delivered to Buyer, to it at
 Attn:
 Fax:

If delivered to Guarantor, to it at
 Attn:
 Fax:

8. **Governing Law and Forum Selection.** This Guaranty shall be governed by, and interpreted and construed in accordance with, the laws of the United States and the State of California, excluding choice of law rules. The Parties agree that any suit, action or other legal proceeding by or against any party (or its affiliates or designees) with respect to or arising out of this Guaranty shall be brought in the federal courts of the United States or the courts of the State of California sitting in the County of Alameda, California.

9. **Miscellaneous.** This Guaranty shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of Buyer and its successors and permitted assigns pursuant to the PPA. No provision of this Guaranty may be amended or waived except by a written instrument executed by Guarantor and Buyer. This Guaranty is not assignable by Guarantor without the prior written consent of Buyer. No provision of this Guaranty confers, nor is any provision intended to confer, upon any third party (other than Buyer's successors and permitted assigns) any benefit or right enforceable at the option of that third party. This Guaranty embodies the entire agreement and

understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings of the parties hereto, verbal or written, relating to the subject matter hereof. If any provision of this Guaranty is determined to be illegal or unenforceable (i) such provision shall be deemed restated in accordance with applicable Laws to reflect, as nearly as possible, the original intention of the parties hereto and (ii) such determination shall not affect any other provision of this Guaranty and all other provisions shall remain in full force and effect. This Guaranty may be executed in any number of separate counterparts, each of which when so executed shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Guaranty may be executed and delivered by electronic means with the same force and effect as if the same was a fully executed and delivered original manual counterpart.

[Signature on next page]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be duly executed and delivered by its duly authorized representative on the date first above written.

GUARANTOR:

[_____]

By:_____

Printed Name:_____

Title:_____

EXHIBIT M**FORM OF REPLACEMENT RA NOTICE**

This Replacement RA Notice (this “**Notice**”) is delivered by CEDAR 1 SES LLC (“**Seller**”) to Ava Community Energy Authority, a California joint powers authority (“**Buyer**”) in accordance with the terms of that certain Renewable Power Purchase Agreement dated [*Date*] by and between Seller and Buyer (“**Agreement**”). All capitalized terms used in this Notice but not otherwise defined herein shall have the respective meanings assigned to such terms in the Agreement.

Pursuant to Section 3.8(b) of the Agreement, Seller hereby provides the below Replacement RA product information:

Unit Information¹

Name	
Location	
CAISO Resource ID	
Unit SCID	
Prorated Percentage of Unit Factor	
Resource Type	
Point of Interconnection with the CAISO Controlled Grid (“substation or transmission line”)	
Path 26 (North or South)	
LCR Area (if any)	
Deliverability restrictions, if any, as described in most recent CAISO deliverability assessment	
Run Hour Restrictions	
Delivery Period	

Month	Unit CAISO NQC (MW)	Unit Contract Quantity (MW)
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

¹ To be repeated for each unit if more than one.

[SELLER ENTITY]

By: _____

Its: _____

Date: _____

CEDAR 1 SES LLC	Ava Community Energy Authority
With additional Notices of an Event of Default to: Attn: Phone: Email:	With additional Notices of an Event of Default to: Attn: Power Resources [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] With a copy to: [REDACTED] [REDACTED] [REDACTED] [REDACTED]

EXHIBIT O

STORAGE CAPACITY TESTS

Storage Capacity Test Notice and Frequency

A. Commercial Operation Date Storage Capacity Tests. Upon no less than ten (10) Business Days prior Notice to Buyer, Seller shall schedule and complete the Storage Capacity Tests prior to the Commercial Operation Date. Such initial Storage Capacity Tests shall be performed in accordance with this Exhibit O and Section 4.9 and shall establish the initial Storage Contract Capacity and Efficiency Rate hereunder based on such Storage Capacity Tests.

B. Subsequent Storage Capacity Tests. Following the Commercial Operation Date, once each Contract Year, Seller will perform the Storage Capacity Test and will give Buyer ten (10) Business Days prior Notice of such test. At least twice per Contract Year, Buyer shall have the right to require Seller to schedule and complete the Storage Capacity Tests. In addition, Buyer shall have the right to require retests of the Storage Capacity Tests at any time upon no less than five (5) Business Days prior written Notice to Seller if Buyer provides data with such Notice reasonably indicating that the Storage Capacity or Efficiency Rate has varied materially from the results of the most recent Storage Capacity Tests. Seller shall have the right to run a retest of any Storage Capacity Tests upon five (5) Business Days' prior written Notice to Buyer (or any shorter period reasonably acceptable to Buyer consistent with Prudent Operating Practice).

C. Test Results and Re-Setting of Storage Capacity and Efficiency Rate. No later than eight (8) Business Days following the completion of any Storage Capacity Tests, Seller shall submit a testing report detailing results and findings of the test. The report shall include Storage Facility Meter readings and plant log sheets verifying the operating conditions and output of the Storage Facility. In accordance with Section 4.9(c) of the Agreement and Part II(J) and Part II(K) below, the Efficiency Rate and Storage Capacity (up to, but not in excess of, the original Storage Contract Capacity set forth on the Cover Sheet, as such original Storage Contract Capacity on the Cover Sheet may have been adjusted (if at all) pursuant to Exhibit B) determined pursuant to a Storage Capacity Tests shall become the new Efficiency Rate and Storage Capacity at the beginning of the first day of the next calendar month following the completion of the test for all purposes under this Agreement, including Seller compensation pursuant to Exhibit C.

Storage Capacity Test Procedures

PART I. GENERAL.

Each of the Storage Capacity Tests (including the initial Storage Capacity Tests and all re-performances thereof) shall be conducted in accordance with Prudent Operating Practices and the provisions of this Exhibit O. For ease of reference, a Storage Capacity Test is sometimes referred to in this Exhibit O as a "SCT". Buyer or its representative may be present for or remotely observe the SCT and may, for informational purposes only, use its own metering equipment (at Buyer's sole cost).

PART II. REQUIREMENTS APPLICABLE TO ALL STORAGE CAPACITY TESTS.

A. Purpose of Test. Each SCT shall:

- (1) Determine an updated Storage Contract Capacity (MW and MWh);
- (2) Determine the amount of Energy required to fully charge and discharge the Storage Facility;
- (3) Determine the Storage Facility Ramp Rate;
- (4) Determine an updated Efficiency Rate.

B. Test Elements. Each SCT shall include the following test elements:

- The measurement of charging energy exclusive of Station Use (for clarity, Station Use during any test shall not be subject to the carveout for energy consumed by end uses during charging or discharging) and Electrical Losses, as measured by the Storage Facility Meter or other mutually agreed meter, that is required to charge the Storage Facility until the Stored Energy Level reaches 100% SOC as indicated by the SCADA (“Energy In”);
- The measurement of discharging energy exclusive of Station Use (for clarity, Station Use during any test shall not be subject to the carveout for energy consumed by end uses during charging or discharging) and Electrical Losses, as measured by the Storage Facility Meter until the Stored Energy Level reaches zero usable MWh or 0% SOC as indicated by the SCADA (“Energy Out”);
- The measurement of discharging power during a four-hour period as measured by the Storage Facility Meter (as adjusted for Electrical Losses to the Delivery Point and Station Use) (“Storage Capacity”).

C. Parameters. During each SCT, the following parameters shall be measured and recorded simultaneously for the Storage Facility and provided by the energy management system, at one (1) second. If any below items are available to the SCADA at a different resolution, such item shall be reported at its available resolution:

- (1) discharge time (seconds);
- (2) charging energy (MWh);
- (3) discharging energy (MWh);
- (4) Stored Energy Level (MWh);
- (5) charging power (MW);
- (6) discharging power (MW);
- (7) min and max enclosure ambient temperatures across the Storage Facility;
- (8) min and max cell temperatures across the Storage Facility; and
- (9) availability status of inverters and battery racks.

- D. Site Conditions. During each SCT, the following conditions at the Site shall be measured and recorded simultaneously at thirty (30) minute intervals using instrumentation positioned at or near the Storage Facility:
- (1) Relative humidity (%);
 - (2) Barometric pressure (inches Hg); and
 - (3) Ambient air temperature (°F).
- E. Test Showing. Each SCT must demonstrate that the Storage Facility:
- (1) successfully started;
 - (2) operated for at least four (4) consecutive hours at least at Maximum Charging Capacity as measured at the Storage Facility Meter (MW). Parties will collaborate to best represent the charging profile in the CAISO Master File no later than 60 days after Seller executes a BESS supply agreement; and
 - (3) is able to deliver discharging energy to the Storage Facility Meter (as adjusted for Electrical Losses to the Delivery Point) for four (4) consecutive hours at a rate at least at Maximum Discharging Capacity, or as otherwise reflected in the test results.
- F. Test Conditions.
- (i) General. At all times during a SCT, the Storage Facility shall be operated in compliance with Prudent Operating Practices and all operating protocols recommended, required or established by the manufacturer for operation at Maximum Discharging Capacity and Maximum Charging Capacity (as each is defined in Exhibit A).
 - (ii) Abnormal Conditions. If abnormal operating conditions that prevent the recordation of any required parameter occur during a SCT (including a level of irradiance that does not permit the Generating Facility to produce sufficient Charging Energy), Seller may postpone or reschedule all or part of such SCT in accordance with Part II.G below.
 - (iii) Instrumentation and Metering. Seller shall provide all instrumentation, CAISO metering and data collection equipment required to perform the SCT. The instrumentation, CAISO metering and data collection equipment shall be calibrated in accordance with CAISO requirements and Prudent Operating Practice.
- G. Incomplete Test. If any SCT is not completed in accordance herewith, Buyer may in its sole discretion: (i) accept the results up to the time the SCT stopped; (ii) require that the portion of the SCT not completed, be completed within a reasonable specified time period; or (iii) require that the SCT be entirely repeated. Notwithstanding the above, if Seller is unable to complete a SCT due to a Force Majeure Event or the actions or inactions of Buyer or the CAISO or the PTO or the

Transmission Provider, Seller shall be permitted to reconduct such SCT on dates and at times reasonably acceptable to the Parties.

- H. Final Report. Within eight (8) Business Days after the completion of any SCT, Seller shall prepare and submit to Buyer a written report of the results of the SCT, which report shall include:
- (1) a record of the personnel present during the SCT that served in an operating, testing, monitoring or other such participatory role;
 - (2) the measured data for each parameter set forth in Part II, including copies of the raw data taken during the test;
 - (3) the level of Storage Capacity, Energy In, Energy Out, Efficiency Rate, Ramp Rate and Maximum Charging Capacity, determined by the SCT, including supporting calculations; and
 - (4) Seller's statement of either Seller's acceptance of the SCT or Seller's rejection of the SCT results and reason(s) therefor.

Within ten (10) Business Days after receipt of such report, Buyer shall notify Seller in writing of either Buyer's acceptance of the SCT results or Buyer's rejection of the SCT and reason(s) therefor.

If either Party rejects the results of any SCT, such SCT shall be repeated in accordance with Part II.G.

- I. Storage Capacity Test Protocol. No later than 60 days prior to the Commercial Operation Date, Seller shall develop and deliver to Buyer for its review and approval (such approval not to be unreasonably delayed or withheld) a supplement to Part III of this Exhibit O that contains supplementary details, procedures and requirements that will be used by the person(s) performing the Storage Capacity Tests to implement the Storage Capacity Test requirements consistent with the Exhibit O ("Storage Capacity Test Protocol") as part of the Agreement. Thereafter, from time to time, Seller may deliver to Buyer for its review and approval (such approval not to be unreasonably delayed or withheld) any Seller recommended updates to the then current Storage Capacity Tests Protocol. The subsequent Storage Capacity Tests Protocol (and each update thereto), once approved by Buyer, shall be deemed an amendment to this Exhibit O.
- J. Adjustment to Storage Capacity. The total amount of Discharging Energy measured by the Storage Facility Meter (expressed in MWh_{AC}) during each of the first four (4) hours at the Maximum Discharging Capacity (up to, but not in excess of, the product of (i) the original Storage Contract Capacity set forth on the Cover Sheet, as such original Storage Contract Capacity on the Cover Sheet may have been adjusted (if at all) under this Agreement, multiplied by (ii) four (4) hours), shall be divided by four (4) hours to determine the Storage Capacity, which shall be expressed in MW_{AC}, and shall be the new Storage Capacity in accordance with Section 4.9(c) of the Agreement until updated pursuant to a subsequent Storage Capacity Test.

- K. Efficiency Rate. The total amount of Energy Out (as reported in Part II.B above) divided by the total amount of Energy In (as reported in Part II.B above) shall be the “Efficiency Rate” and shall be used for all purposes under the Agreement, including the calculation of liquidated damages (if any) under Exhibit C until updated pursuant to a subsequent Storage Capacity Test.

Part III. STORAGE CAPACITY TEST PROTOCOL

A. Conditions Precedent to SCT.

- Control System Functionality: The Storage Facility control system shall be successfully configured to receive data from the battery system, exchange data with the Buyer SCADA device, and transfer data to the database server for the calculation, recording and archiving of data points.
- Communications: Remote Terminal Unit (RTU) testing should be successfully completed prior to SCT. The interface between Buyer’s RTU and the Storage Facility SCADA system should be fully tested and functional prior to starting testing. This includes verification of data transmission pathway between the Buyer’s RTU and Seller’s control system interface and the ability to record SCADA data.
- Commissioning Checklist: Commissioning Checklist shall be successfully completed on all installed facility equipment, including verification that all controls, set points, and instruments of the control system are configured. Commissioning certificates shall be provided upon Buyer’s request.

B. Storage Capacity Test. Seller will perform each Storage Energy Capacity Test in the following manner and utilizing the following steps:

- (1) Seller may conduct any pre-capacity test activities required or recommended by the Storage Facility equipment suppliers, including charging or discharging the Storage Facility, prior to commencing step 2 below. During commissioning or re-commissioning after repairs, Seller to complete any battery balancing activities recommended by equipment supplier prior to commencing step 2;
- (2) Seller will charge the Storage Facility up to the Maximum Stored Energy Level so that it is in a state that it is made commonly and typically available to Buyer as fully charged and dispatchable. Depending on the equipment supplier, this figure may be when the SoC is at or near 100% as indicated by SCADA;
- (3) Seller shall select the appropriate operating mode on the Storage Facility matching normal, dispatchable operation;
- (4) Seller will discharge the Storage Facility at the Storage Contract Capacity Rating or if unable to achieve the Storage Contract Capacity rating, the highest power rating it can achieve, over a duration of four (4) consecutive hours. In the event discharging must be stopped early due to the Storage

Contract Capacity rating having been fully discharged or due to any of the following conditions: critically low SoC, or other safety and stability reasons, Seller will have been deemed to fail the test and must make appropriate changes to run a re-test;

- (5) Seller will add the quantity of MWh produced by the Storage Facility as measured at the Storage Facility Meter during the four (4) consecutive hours to produce a sum quantity of MWh for the four (4) consecutive hours full discharge of the Storage Facility;
- (6) Seller will divide the sum quantity of MWh produced over the four (4) consecutive hours full discharge of the Storage Facility by four (4) to produce a value that will become the Storage Contract Capacity rating until the Storage Capacity is next determined pursuant to a Storage Capacity Test performed in accordance with this Exhibit.

Example:

Hour 1 Discharge = 25 MWh

Hour 2 Discharge = 25 MWh

Hour 3 Discharge = 25 MWh

Hour 4 Discharge = 25 MWh

Duration = 4 hour discharge

Sum quantity of MWh produced: $25 + 25 + 25 + 25 = 100$ MWh

Storage Capacity = $100 \text{ MWh} / 4 \text{ hours} = 25 \text{ MW}$

C. Efficiency Rate Test. As commercially reasonable, Seller will combine the Storage Capacity Test and the Efficiency Rate Test. Seller will perform each Efficiency Rate Test in the following manner and utilizing the following steps:

- (1) Seller may conduct any pre-capacity test activities required or recommended by the Storage Facility equipment suppliers, including charging or discharging the Storage Facility, prior to commencing step 2 below. During commissioning or re-commissioning after repairs, Seller to complete any battery balancing activities recommended by equipment supplier prior to commencing step 2.
- (2) Seller will fully discharge the Storage Facility to the minimum Stored Energy Level or recommended SoC. Depending on the equipment supplier, this figure may be when the SoC is at or near 0% as indicated by SCADA.
- (3) Select appropriate operating mode on the Storage Facility matching normal, dispatchable operation.
- (4) Charge the Storage Facility to the maximum Stored Energy Level or recommended SoC. This is dependent on the equipment manufacturer specifications but typically when the SoC is at 100% as indicated in the SCADA. Complete any specified Storage Facility rest period in accordance with equipment manufacturer specifications.

- (5) Review the Storage Facility Meter data, and determine and record the “Energy In”, which is the amount of energy used to charge the Storage Facility from minimum Stored Energy Level to maximum Stored Energy Level. This is dependent on the equipment manufacturer specification but typically when the SoC is 0% and 100% respectively.
 - (6) Discharge the Storage Facility according to the Storage Capacity Test procedures at the Storage Power Capacity rating for the full four (4) hours. Do not cease discharging at the four (4) hours, but instead discharge shall be stopped at the same SoC as step 2.
 - (7) Complete any Storage Facility rest period based on equipment manufacturer specifications.
 - (8) Review the Storage Facility Meter data, and determine and record the “Energy Out”, which is the amount of energy used to discharge the Storage Facility from maximum Stored Energy Level to minimum Stored Energy Level. This is dependent on the equipment manufacturer specification but typically when the SoC is 100% and 0% respectively.
- D. Storage Ramp Rate Test. As commercially reasonable, Seller will combine the Storage Capacity Test and the Storage Ramp Rate Test. Seller will perform each Storage Ramp Rate Test in the following manner and utilizing the following steps:
- (1) Storage Facility shall be at a SoC between 20% and 80%.
 - (2) Seller selects the appropriate operating mode in the Storage Facility SCADA. The Storage Facility will be dispatched in accordance with the following:
 - i. Starting Setpoint: 0 MW.
 - ii. Ending Setpoint: Discharging at full Storage Power Capacity Rating.
 - iii. Measure the time elapsed to ramp power output between the Starting Setpoint and the Ending Setpoint.
 - iv. The “Storage Ramp Rate” is determined by dividing the change in power by the time elapsed. The start of the timing shall begin when the Storage Facility Meter registers a power change of a minimum percentage of two percent (2%) of the Ending Setpoint. The timing shall stop when the Storage Facility Metering Point registers a power that is at least ninety-eight percent (98%) of the Ending Setpoint value.

EXHIBIT P

STORAGE FACILITY AVAILABILITY

Monthly Storage Availability

(a) Calculation of Monthly Storage Availability. Seller shall calculate the “**Monthly Storage Availability**” in a given month using the formula set forth below:

$$\text{Monthly Storage Availability (\%)} = \frac{[\text{MNTHHRS}_m - \text{UNAVAILHRS}_m]}{[\text{MNTHHRS}_m]}$$

where:

m = relevant month “m” in which availability is calculated;

MNTHHRS_m is [REDACTED]

UNAVAILHRS_m, is [REDACTED]

[REDACTED]

If the Storage Facility or any component thereof was previously deemed unavailable for an hour or part of an hour, and Seller provides a revised Notice indicating the Storage Facility is available for that hour or part of an hour by 5:00 a.m. of the morning Buyer schedules or bids the Storage Facility in the Day-Ahead Market, the Storage Facility will be deemed to be available to the extent set forth in the revised Notice.

If the Storage Facility or any component thereof was previously deemed unavailable for an hour or part of an hour and Seller provides a revised Notice indicating the Storage Facility is available for that hour or part of an hour at least sixty (60) minutes prior to the time the Buyer is required to schedule or bid the Storage Facility in the Real-Time Market, and the Storage Facility is dispatched in the Real-Time Market, the Storage Facility will be deemed to be available to the extent set forth in the revised Notice.

Availability Adjustment

The applicable “**Availability Adjustment**” or “**AA**” is calculated as follows:

- [REDACTED]
- [REDACTED]
- [REDACTED]

EXHIBIT Q**OPERATING RESTRICTIONS**

The Parties will develop and finalize the Operating Restrictions prior to the Commercial Operation Date, provided that the Operating Restrictions (i) may not be materially more restrictive of the operation of the Storage Facility than as set forth below, unless agreed to by Buyer in writing, (ii) will, at a minimum, include the rules, requirements and procedures set forth in this Exhibit Q, (iii) will include protocols and parameters for Seller's operation of the Storage Facility in the absence of Charging Notices, Discharging Notices or other similar instructions from Buyer relating to the use of the Storage Facility, and (iv) may include Storage Facility Scheduling, Operating Restrictions and Communications Protocols. The maximum State of Charge (SOC) is considered 100% when the Storage Facility is charged with the amount of energy needed to discharge the Storage Facility at the Storage Contract Capacity rating over a duration of four (4) consecutive hours.

Interconnection Capacity Limit:	██████████
Maximum Stored Energy Level:	400 MWh
Minimum Stored Energy Level:	0 MWh
Maximum Charging Capacity:	100 MW
Minimum Charging Capacity:	0 MW
Maximum Discharging Capacity:	100 MW
Minimum Discharging Capacity:	0 MW
Maximum State of Charge (SOC) during Charging:	100% of the Maximum Stored Energy Level
Minimum State of Charge (SOC) during Discharging:	0% of the Maximum Stored Energy Level
Ramp Rate:	██ ██ ██ ██ ████████
Annual Cycles:	██
Daily Dispatch Limits:	████████████████████ ██

	Partial Charging/Discharging; unrestricted partial cycle dispatch as long as the maximum daily allowed throughput is not exceeded.
Maximum Time at Minimum Stored Energy Level:	██ ██ ██ ██
Grid Charging of Storage Facility:	████
Other Operating Limits:	N/A
Ancillary Services Capability:	Yes

EXHIBIT R
METERING DIAGRAM

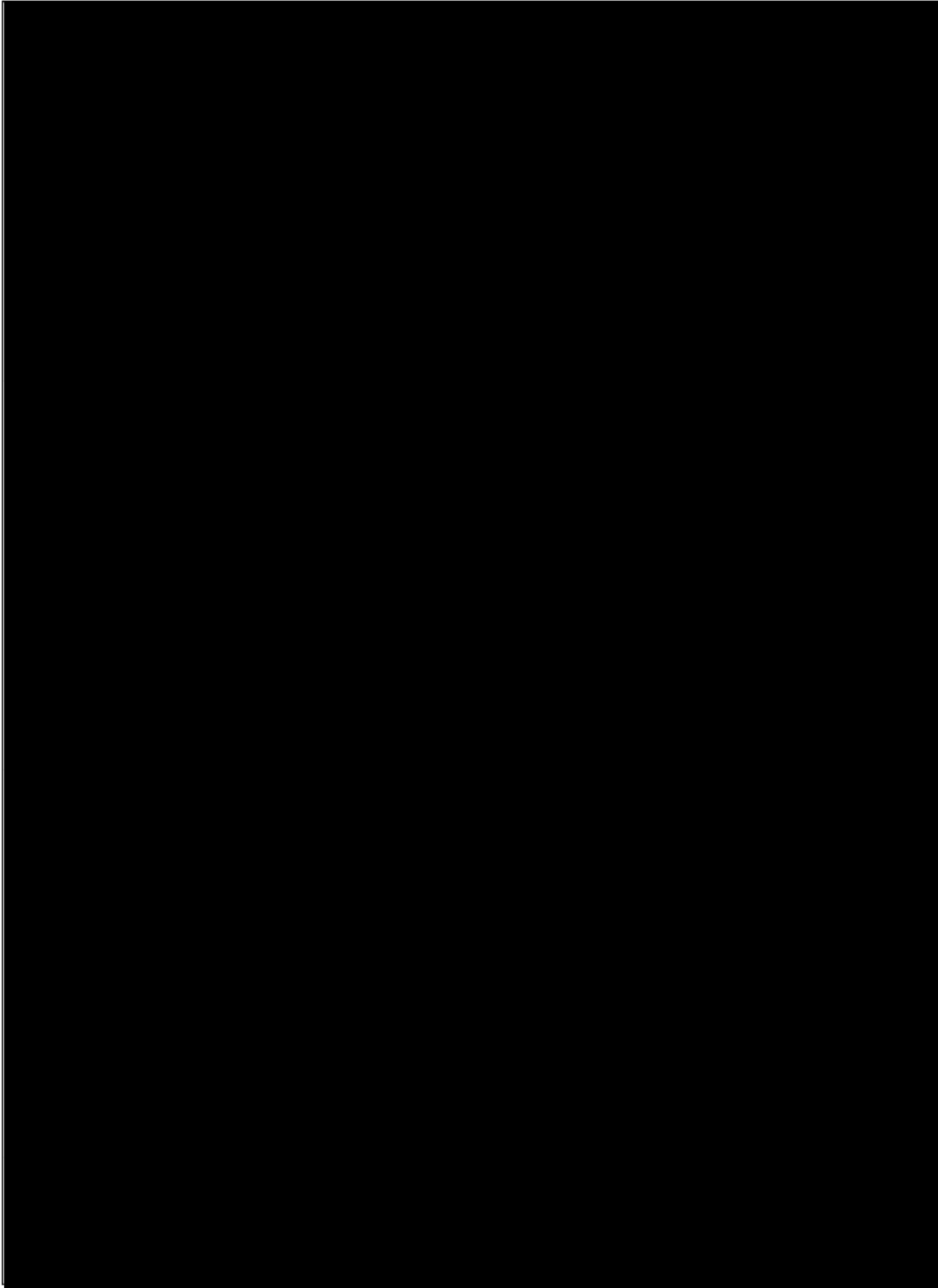


Exhibit R - 1

EXHIBIT S

COMMUNITY INVESTMENT

Seller agrees to provide a one-time payment of Two Hundred Thousand Dollars (\$200,000) ("Community Investment Funds") to Buyer for community investment activities. These funds shall be transferred to Buyer within thirty (30) days after the Commercial Operation Date. The Community Investment Funds will be utilized by Buyer for community investment activities.

EXHIBIT T
FORM OF LIMITED ASSIGNMENT AGREEMENT¹

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

- [REDACTED]

- [REDACTED]

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date first set forth above.

CEDAR 1 SES LLC

By: _____
Name: _____
Title: _____

AVA COMMUNITY ENERGY AUTHORITY

By: _____
Name: _____
Title: _____



By: _____
Name: _____
Title: _____

Signature Page to Limited Assignment Agreement

**Appendix 1
Assigned Rights and Obligations**

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[REDACTED]

[REDACTED]

[REDACTED]

- January: [] MWh
- February: [] MWh
- March: [] MWh
- April: [] MWh
- May: [] MWh
- June: [] MWh
- July: [] MWh
- August: [] MWh
- September: [] MWh
- October: [] MWh
- November: [] MWh
- December: [] MWh

[REDACTED]

[REDACTED]

[REDACTED]

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Appendix 4
Copy of Power Purchase Agreement
[To be attached.]



2023 Long-Term Resource RFO & Bilaterally Negotiated Contracts: Overview & Update

April 17, 2024

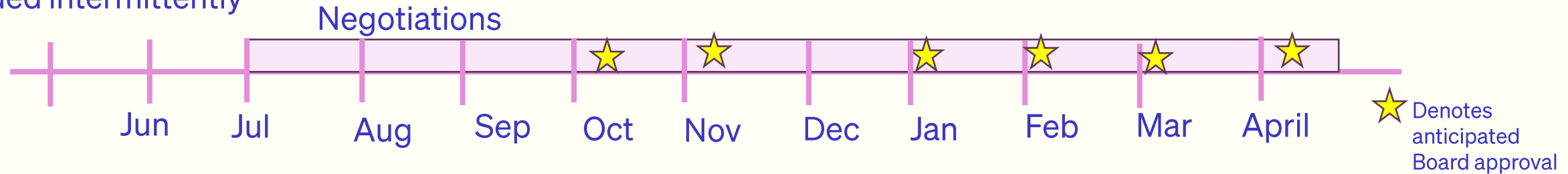


Agenda

- 2023 Long-Term Resource Solicitation – Status of Negotiations
- Discussion of Projects Proposed for April Board Approval

Status of Negotiations

Project Shortlisting
Began; add'l projects
added intermittently



- Limited number of Projects have dropped from shortlist, including the only in-territory shortlisted project
- Interest rate increases create pressure and uncertainty for developers. High likelihood of credit defaults in coming months.
 - “A perfect storm or rising interest rates, bleaker economic outlook, weakening credit quality, are setting the stage for speculative-grade downgrades and defaults in the year ahead” – Moody’s Investors Service
- Strong competition among buyers for most desirable projects

Projects Proposed for Execution

Seeking approval for one contract:

One power purchase agreement (PPA) with energy storage submitted into Ava and SJCE's joint 2023 Long-Term Resource RFO

- 15-year, 100 MW solar + 100 MW/400 MWh storage contract for energy, environmental attributes, and resource adequacy (RA) from a facility in Imperial County with Atlantica Sustainable Infrastructure. Project online on March 31, 2027.

Atlantica – Company Overview

- Atlantica Sustainable Infrastructure is a publicly traded, sustainable infrastructure company that manages renewable energy, power and water assets
- Atlantica owns or operates over 2.2 GW of operational renewable and storage assets globally including ~1.3 GW of renewable assets in the USA. Their development pipeline includes 2 GW of renewable energy projects and 5.8 GWh of storage
- In CA, Atlantica has operational projects under contract with PG&E, SCPPA, 3CE and SVCE
- Atlantica is headquartered in the United Kingdom but the contracting entity is organized in the USA.

Atlantica – Solar + Storage Project Details

- Project offered through the 2023 RFO for renewable resources
- 100 MW solar combined with 100MW/400MWh storage contract for renewable energy and associated environmental attributes and RA
- Located in the Imperial Irrigation (IID) Balancing Authority in Imperial County, CA
- 15-year contract
- Expected Commercial Operation Date is March, 2027
- Project has site control and an executed interconnection agreement with IID
- Committed toward paying prevailing wages and seeks union labor
- The contracting entity will be Cedar 1 SES LLC.





Staff Report Item 22

TO: Ava Community Energy Authority

FROM: Nick Chaset, Chief Executive Officer

SUBJECT: PG&E Nuclear Allocation Decision (Informational Item)

DATE: April 17, 2024

Recommendation

Staff is seeking Board feedback in consideration of the nuclear GHG-free attributes being offered as a result of extended operations at Diablo Canyon Nuclear Power Plant (DCPP).

Background and Discussion

In 2020, load serving entities (LSEs) within PG&E service territory were offered carbon-free attributes from large hydro and nuclear power proportional to the LSE's load. Ava, then EBCE, brought forth multiple informational and action items to the Board regarding the allocations and in the April 2020 Board meeting, a decision was passed to accept the large hydro allocation and reject the nuclear allocation.

While Ava has received an allocation of carbon free energy from PG&E's portfolio of large hydro resources from 2020 through 2024, there is uncertainty around what structure will be in place for future years and whether a new market price benchmark will be incorporated, or if there will be an allocation to customers with a cost responsibility. Weather variability also plays an important factor in annual availability of large hydro generation.

DCPP was anticipated to shut down in 2024-2025, however on December 14, 2023, the California Public Utilities Commission (CPUC) adopted a final Decision¹ that extended operations at DCPP until October 31, 2029 (Unit 1) and October 31, 2030 (Unit 2) due to insufficient CAISO grid capacity and reliability concerns. The Decision requires PG&E to offer LSEs the ability to use their share of DCPP's GHG-free attributes for their power content label using the existing process for voluntary offering as a model. PG&E is required to file an Advice

¹ D.23-12-036

Letter by June 14, 2024, formalizing the process for the allocation of GHG attributes from extended operations at DCPD to LSEs.

There is no obligation to accept an allocation of nuclear energy, and acceptance or rejection of the nuclear allocation will have no impact on the extension of Diablo Canyon, which has already been approved. All customers pay for, and will continue to pay for, PG&E nuclear generation costs through the Power Charge Indifference Adjustment (PCIA). Whether or not Ava accepts the nuclear allocation, has no impact on PCIA charges as the PCIA is a non-bypassable charge set annually by the CPUC.

The volume of nuclear power to be offered is still being determined and will be made to all LSEs across California, not just those within PG&E territory. Staff estimates that the allocation PG&E offers to Ava may contain ~610,000 MWh of nuclear power. Resource Adequacy is also included across all LSEs as part of the allocation.

Scenarios for Board Consideration:

Scenario 0 – Do not accept nuclear.

Scenario 1 – Ava accepts nuclear allocation up to Ava’s load share percentage.

Scenario 2 – Ava accepts nuclear allocation and further reduces our carbon intensity with additional large hydro or nuclear purchases.

Bright Choice Power Content Impacts

Proposed scenarios under which Ava accepts the nuclear allocation are estimated to offset from 50% up to 100% of unspecified emissions in year one.

Fiscal Impact

Fiscal impacts of this item are specific to energy procurement cost savings for the Bright Choice product and are realized beginning in 2028 when nuclear begins to offset large hydro procurement needs. There are no costs associated with acceptance of the allocation.

Attachments

- A. Nuclear Allocation Decision Presentation

Nuclear Allocation Discussion

April 17, 2024



1. Background
2. Baseline Facts
3. Scenarios for Board consideration



Background



General Background

- In 2019, Ava, then EBCE, introduced the concept of PG&E providing some form of carbon-free benefits to customers who paid a Power Charge Indifference Adjustment (PCIA) fee that included the costs of in-state large hydroelectric and nuclear power. Essentially, our customers paid for some portion of carbon-free power, so we/they should have some benefit from that.
- In the following years, load serving entities within PG&E service territory were offered the carbon-free attributes from large hydro and nuclear power proportional to the LSE's load.
- Diablo Canyon was anticipated to shutdown in 2024-2025. However, the plant received a 5-year extension from state and federal authorities.
- PG&E must offer an allocation of nuclear power to California LSEs in the summer/fall of this year.



Ava Background

- Ava brought forth multiple informational and action items to the Board regarding Nuclear allocations in 2019 and 2020.
- In the **April 2020** Board meeting, a decision was passed to accept the large hydro allocation and reject the nuclear allocation.
 - Decision passed with a vote of 10 yes and 5 no; No's were in favor of accepting the nuclear allocation
 - No votes: Hayward, Newark, Pleasanton, Piedmont, Livermore
 - 80+ public comments in opposition to accepting Nuclear
- In the **December 2020** Board meeting, a decision was passed to accept the nuclear allocation to resell the attributes at equal to or >\$0.
 - This decision was in part passed because PG&E is able to disclose a lower GHG emissions level due to high nuclear content. It is able to elect not to disclose its natural gas procurement in favor of carbon-free nuclear.
 - Decision passed with 10 yes and 2 No; No's were in favor of accepting and retaining the nuclear
 - No votes: Hayward, Albany
 - 10+ public comments in opposition to this structure



Regulatory Background

- **On December 14, 2023, the CPUC adopted a final Decision that extended operations at Diablo Canyon Nuclear Power Plant (DCPP) until October 31, 2029 (Unit 1) and October 31, 2030 (Unit 2) due to insufficient CAISO grid capacity and reliability concerns.**
 - The Decision requires PG&E to offer LSEs the ability to use their share of DCP's GHG-free attributes for their power content label using the existing process for voluntary offering as a model.
 - Ava has used estimates of the GHG free attributes in the included scenarios in this ppt as final allocation ratios will not be released until summer 2024.
 - Note: Resource Adequacy is not a voluntary allocation and is included across all LSEs
- **While Ava has received an allocation of carbon free energy from PG&E's portfolio of large hydro resources from 2020 through 2024, there is uncertainty around what structure will be in place for future years and whether a new market price benchmark will be incorporated, or if there will be an allocation to customers with a cost responsibility.**
 - Note that large hydro allocations will likely be reduced going forward as PG&E may have discretion over allocation offerings and large hydro market purchases are increasingly scarce and variable year to year.
- **The current emissions accounting methodology is tracked on an annual basis and the enclosed emissions estimates in this presentation reflect the current rules. Hourly emissions accounting rules are being contemplated for the Power Source Disclosure (PSD) program beginning in 2028. This could meaningfully change Ava's emissions levels.**



Energy Market Background

- **Energy Market Pricing Dynamics**

- Historically PCC1 Renewable Energy Credits (RECs) have generally priced in the \$10 to \$15/MWh range and are currently pricing in the \$70 to \$80/MWh range.
- Historically Large Hydro GHG-free attributes have generally priced in the \$3 to \$6/MWh range and are currently pricing in the \$20 to \$30/MWh range.
- Historically nuclear GHG-free attributes have not been transacted and CCAs have shown varying interest with low interest in procuring it outside of accepting the PG&E allocation. There appears to be increasing interest from CCAs to accept and potentially procure additional nuclear currently.
- The **sharp increase in pricing** is driven by several factors, including limited generating capacity in CAISO, significant increased clean energy demand in California by CCAs and Corporates accelerating beyond SB100, increased clean energy demand outside of California impacting imports, and increased weather variability impacting supply. This weather variability has a particularly pronounced effect on large hydro resources inside and outside of CAISO.
- There continues to be upward pressure on pricing on the horizon and there are indications that there will likely be market demand for nuclear by other load serving entities.
- Pricing implications on the following slides are based on current market conditions and subject to increased volatility.



Additional information on pending nuclear offer

- The pending nuclear offer will be made to all load serving entities across California, not just those within PG&E's service area.
- The offer is limited only to nuclear power – no hydroelectric power is being offered.
- The volume of nuclear power to be offered is still being determined and will be based on load share. The allocation process will be filed by PG&E by June 14, 2024.
- The nuclear power will be offered annually through 2030, always based on load share.
- Staff is seeking board feedback in consideration of these anticipated nuclear GHG-free attributes being offered.
- Note that acceptance or rejection of these nuclear attributes will have no impact on the extension of Diablo Canyon, which has already been approved.



Baseline Facts

- Current 2030 Bright Choice Goal
- EBCE and PG&E 2022 Power Content
- Large Hydro Production in CA
- Production of nuclear power in CA from CAISO



2030 Goal for 100% Clean Bright Choice Service

- The board approved the following Renewable Energy and Carbon Free Procurement schedule in April 2022
 - *Indicates subsequent board approved changes to the procurement schedule

	Bright Choice				CA-RPS %
Year	Renewable %	Carbon Free %	Unspecified %	Estimated PSDR Emission Factor	Renewable %
2018	41%	62%	38%	n/a	29%
2019	60%	87%	13%	n/a	31%
2020	40%	55%	45%	591	33%
2021	42%	60%	40%	564	36%
2022	49%*	72%*	28%*	496	39%
2023	54%*	76%*	24%*	503*	41%
2024	52%	81%*	19%*	403*	44%
2025	56%	76%	24%	387	47%
2026	60%	81%	19%	315	49%
2027	64%	85%	15%	241	52%
2028	67%	90%	10%	163	55%
2029	71%	95%	5%	83	57%
2030	75%	100%	0%	-	60%

Source: Board Item from October 18, 2023



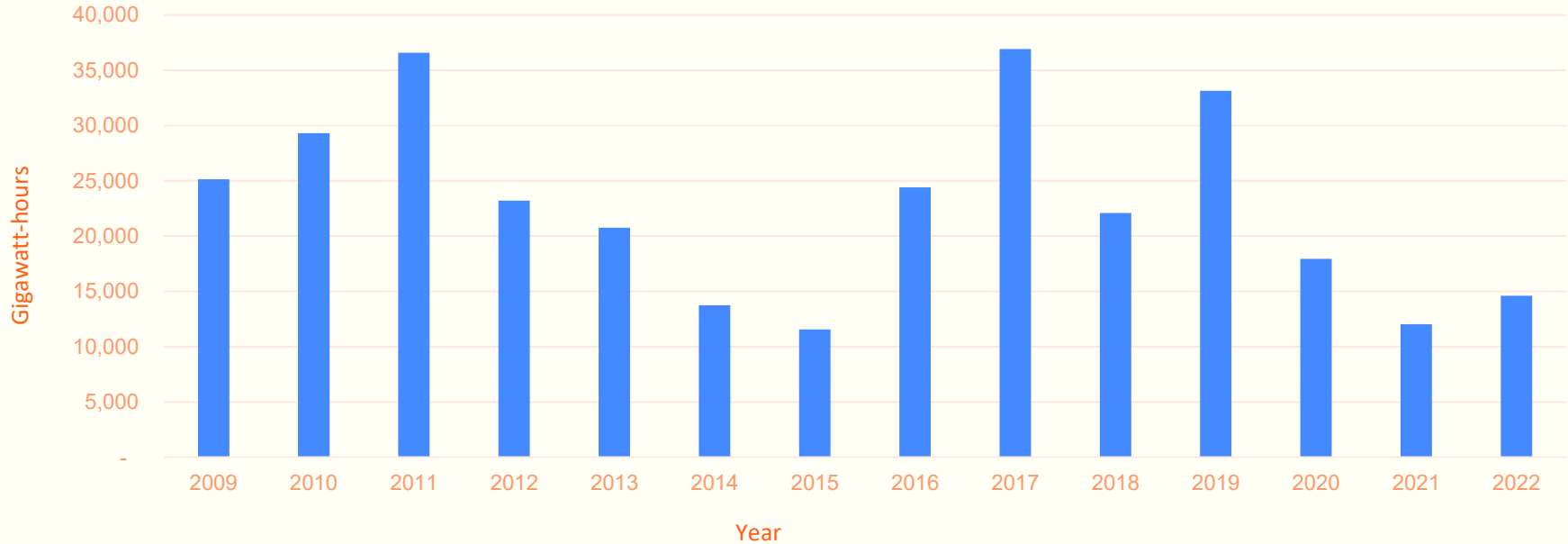
2022 Power Content

(most recent reporting year)

	EBCE – Bright Choice	Attachment Staff Report Item 22A	Attachment Staff Report Item 22A
Eligible Renewables	49.4%	38.3%	35.8%
Biomass & Biowaste	1.5%	4.6%	2.1%
Geothermal	0.8%	0.5%	4.7%
Eligible Hydroelectric	1.4%	1.8%	1.1%
Solar	18.1%	22.0%	17.0%
Wind	27.6%	9.4%	10.8%
Coal	0.0%	0.0%	2.1%
Large Hydroelectric	21.9%	7.6%	9.2%
Natural Gas	0.0%	4.8%	36.4%
Nuclear	0.2%	49.3%	9.2%
Other	0.0%	0.0%	0.1%
Unspecified Power	28.4%	0.0%	7.1%
GHG Intensity (lbs CO₂e/MWh)	496	56	422



Large Hydro Production in California



Source: California Energy Commission "[Total System Electric Generation 2009-2022 with totals_ada.xlsx](#)"



Nuclear Power Production

- Nuclear plants operate at a steady state with small variations for maintenance
- Nuclear power covers about 2,000 MW of baseline load
- Nuclear power production represented by the grey strip in the charts below.

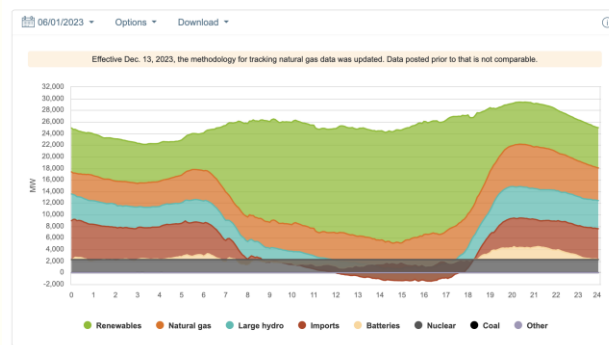
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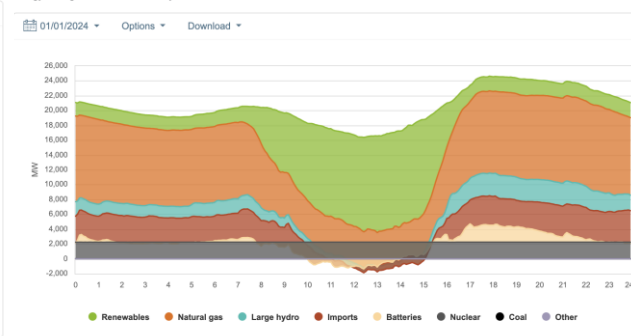
Supply trend

Energy in megawatts broken down by resource in 5-minute increments.



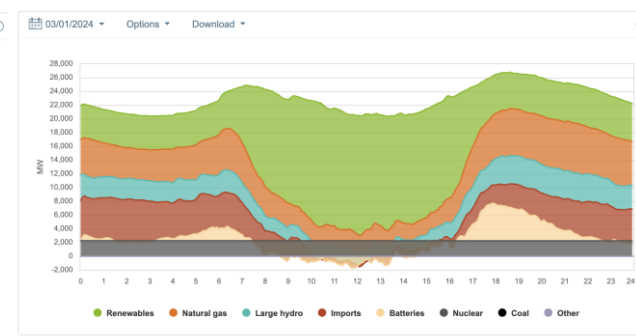
Supply trend

Energy in megawatts broken down by resource in 5-minute increments.



Supply trend

Energy in megawatts broken down by resource in 5-minute increments.



Scenarios for Board Consideration



Scenarios for Board Consideration

Attachment Staff Report Item 22A

Scenario 0 – Do Not Accept Nuclear

- Continue towards 2030 Renewable Energy (RE) and Carbon Free (CF) targets

Scenario 1 – Accept Nuclear

- No change to 2030 RE or CF targets
- Reducing unspecified by 50% in year one

Scenario 2 – Accept Nuclear + Further Reduce Carbon Intensity w/additional large hydro or nuclear

- No change to 2030 RE or CF targets
- Reducing unspecified by 50% in year one
- Buy additional large hydro or nuclear to eliminate unspecified in 2025 (emissions would be from PCC2s only)



Details: Scenario 0 – Do Not Accept Nuclear Allocation

- No financial impact given this is the base case
 - Note that based on energy market volatility and increased demand for renewables staff is evaluating whether an upward rate adjustment of R100 is needed
- Power content follows plan for 2030
- * Indicates board approved procurement changes based on annual budgeting process

	Bright Choice				CA-RPS %
Year	Renewable %	Carbon Free %	Unspecified %	PSDR Emission Factor Estimate	Renewable %
2018	41%	62%	38%	n/a	29%
2019	60%	87%	13%	n/a	31%
2020	40%	55%	45%	591	33%
2021	42%	60%	40%	564	36%
2022	49%*	72%*	28%	496	39%
2023	54%*	76%*	24%*	503*	41%
2024	52%	81%*	19%*	403*	44%
2025	56%	76%	24%	387	47%
2026	60%	81%	19%	315	49%
2027	64%	85%	15%	241	52%
2028	67%	90%	10%	163	55%
2029	71%	95%	5%	83	57%
2030	75%	100%	0%	-	60%



Details: Scenario 1 – Accept Nuclear Allocation

General

- No change to Renewable Energy (RE) or Carbon-Free (CF) targets
- Reducing unspecified by 50% in year one
- Nuclear reduces unspecified first and then offsets hydro needs starting in 2028

Financial

	2025	2026	2027	2028	2029	2030
Potential savings on hydro	-	-	-	\$1,012,292	\$6,501,359	\$12,349,779

Power Content

Bright Choice Power Content (estimated)	2025	2026	2027	2028	2029	2030
Renewable Energy	56%	60%	64%	67%	71%	75%
Large Hydro	20%	21%	21%	22%	18%	15%
Nuclear	12%	11%	11%	11%	11%	10%
Unspecified	12%	8%	4%	0%	0%	0%
GHG Emissions	345	257	178	96	49	0
<i>Reference: Current Plan Unspecified</i>	24%	19%	15%	10%	5%	0%



Details: Scenario 2 – Accept Nuclear Allocation + PCC2

Attachment Staff Report Item 22A

General

- No change to RE or CF targets; Reduce unspecified first, then offsets hydro needs starting in 2028
- Buy additional large hydro or nuclear to eliminate unspecified in 2025 (emissions would be from PCC2s only)

Financial

	2025	2026	2027	2028	2029	2030
Potential savings on hydro	-	-	-	\$1,518,438	\$9,752,039	\$18,524,669
Cost for add'l nuclear (\$10)	\$6,218,546	\$4,021,061	\$2,083,163			
Cost of add'l large hydro (\$30)	\$18,655,637	\$12,063,182	\$6,249,488			

Power Content

Bright Choice Power Content (estimated)	2025	2026	2027	2028	2029	2030
Renewable Energy	56%	60%	64%	67%	71%	75%
Large Hydro	20%	21%	21%	22%	18%	15%
Nuclear	12%	11%	11%	11%	11%	10%
Add'l Hydro or Nuclear	12%	8%	4%	0%	0%	0%
Unspecified	0%	0%	0%	0%	0%	0%
GHG Emissions	230	187	143	96	49	0
<i>Reference: Current Plan Unspecified</i>	24%	19%	15%	10%	5%	0%



Scenario Summary

Scenario	2025 Financial Impact	Unspecified Power Target
Scenario 0 – no nuclear	No incremental cost or savings	24%
Scenario 1 – accept nuclear	No cost, future savings	12%
Scenario 2 – nuclear + PCC2	Cost of \$6M-\$19M	0%



Questions?



Position Specification



Chief Executive Officer (CEO)

The Engagement

J. Tedesco & Associates has been retained by Ava Community Energy (Ava) in Oakland, California, and its board of directors, to lead their executive recruitment for the agency's next **Chief Executive Officer (CEO)**. The CEO will carry a torch of continuity, building from the success of the outgoing CEO, and will take the organization to new heights as it continues to expand its community reach and array of innovative energy efficiency programs. Ava, which launched in 2018 as East Bay Community Energy (EBCE) and changed its name in 2023 to better reflect the breadth of the communities they serve, is an innovative, consumer choice aggregation agency focused on supplying green energy to over 1.7MM commercial and residential customers in their service territory. More details about Ava and this impressive opportunity can be found below.

J. Tedesco & Associates is a boutique, retained executive search firm, founded in 1998, headquartered in San Diego, with team members in San Francisco and Chicago. The utility sector is our firm's primary specialty, and we lead assignments from emerging leader level up to the c-suite and board level. We have a deep understanding of the California energy landscape and significant experience recruiting for Bay Area organizations. More information about our firm can be found at: www.tedescoassociates.com

About Ava Community Energy

Ava, which was created in 2016 and launched in 2018 as East Bay Community Energy, is a community choice aggregator (CCA) that serves a diverse array of communities, including the cities of: Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Piedmont Pleasanton, San Leandro, Tracy, and Union City. The unincorporated areas of Alameda County (including Ashland, Castro Valley, Cherryland, Fairview, San Lorenzo, and Sunol) are also served by Ava. In 2025 Ava will extend service to the San Joaquin County cities of Stockton and Lathrop.

J. Tedesco & Associates

4445 Eastgate Mall, Suite 200
San Diego, CA 92121

Jonathan L. Tedesco

Managing Director

Office: 858.755.8550

jlt@tedescoassociates.com

Ava's charter is to provide its customers with low carbon, cost-effective electricity that integrates innovative energy products and maximizes local benefits through the development of local solutions, ranging from increasing access to rooftop solar to supporting the adoption of electric vehicles. The agency, which is one of the largest energy supplying CCAs in California, has roughly 70 employees that run a \$770M operation, where 95% of the budget is spent on power procurement. Ava is governed by a board of directors consisting of an elected official from each of the participating jurisdictions and one representative (non-voting) from the Community Advisory Committee. The board sets rates and determines the mix of power sources.

The CCA Framework:

By law, as a non-for-profit Joint Powers Authority, Ava provides electric service as a CCA under the CPUC Code Section 366.2. Ava's customers opt in, allowing them to receive a greener supply of electricity compared to the fossil fuel dependent investor-owned utilities and at a lower cost. Ava, procures the electricity, while PG&E provides the transmission and distribution infrastructure to deliver it to Ava customers, and PG&E also maintains the account billing. Ava allows participating local governments to pool the electricity demands of their communities in order to increase their purchasing power for higher renewable power content and invest in local energy infrastructure and energy efficiency programs. Ava is locally controlled and ratepayer supported, with no taxpayer subsidies. The agency is funded through program revenues; its budget is completely separate from the general funds of participating local governments. Ava has the rights and powers to set rates for the electricity it furnishes, incur indebtedness, and issue bonds or other obligations. As a public agency, net revenues are returned to the community to keep rates competitive and promote clean energy programs.

Ava's Culture and Commitment to Diversity

Ava believes in a vibrant culture that supports and nurtures a workplace that offers every individual the opportunity to attain professional goals and contribute to accomplishing their mission. Ava fosters a culture of open communication, responsibility, curiosity, accountability, and teamwork. The agency wants creative problem solvers that are excited to work in an entrepreneurial environment and grow the organization! As an equal opportunity employer, Ava is committed to diversity, equity, and inclusion. The agency is committed to a diverse and inclusive workforce that is reflective of their service area's rich culture and many communities.

More information about Ava can be found on the agency's website: www.avaenergy.org

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Position Summary

Reporting to the Board of Directors, the Chief Executive Officer (CEO) is a critical role at Ava that will further the agency's path of success as it continues to expand its community reach by providing green power, innovative energy efficiency programs and lower rates to the growing number of customers they serve. The CEO has responsibilities that span a broad array of functions and duties that include organizational administration and management, programs, policy and adhering to legislative priorities, regulatory advocacy, partner collaboration and community engagement. More details are as follows:

Internal Responsibilities

- Provide strategic leadership and helm the operation of the organization and all of its functional areas, including power procurement, marketing, account services, technology & analytics, local development, infrastructure delivery, finance and rates, human resources, operations, public and regulatory policy and legal.
- Set the direction of the organization, assigning and evaluating work and work structure as needed to achieve the organization's objectives.
- Lead the strategic plan and financial planning process, prepare and administer the annual budget; ensure a system of accounting controls for strong fiscal management of income and expenses.
- Effectively engage in activities that support the recruitment, training, development, and retention of staff, as well as establishing, maintaining and evaluating performance standards. Champion a culture and workplace environment that engages and motivates staff, and promotes diversity, equity and inclusion.
- Plan, recommend, develop and/or direct the development of program and policy direction, and work with internal teams to develop responsive programs to meet the clean energy needs and objectives of customers.
- Work with staff to analyze the impact of newly enacted state and federal legislation and CPUC decisions/actions on Ava's operations with a key focus on three major legislative principles: Accelerating Decarbonization, Promoting Local Development, and Stabilizing Community Choice.
- Stay informed on community, social, and political problems, and their relevance to and impact upon Ava's programs, and guide Ava's public relations program to inform the public about the agency's operations, services, programs, goals, and objectives.

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- As needed, successfully select and manage contractors and vendors, and negotiate contracts for win-win outcomes.
- Perform related duties as assigned by the board or as needed in line with the organization's charter, mission and objectives.

Board of Directors

- Serve as Ava's primary liaison to the board and act under the direction of the board.
- Attend monthly and other board meetings, and ad hoc meetings as they arise.
- In coordination with the board of directors, develop strategic and resource planning, and implement the adopted strategic and resource plans.
- With the board's input, develop Ava's annual operating budget and seek approval of the budget from the board. Present and support the presentation of annual and quarterly financial documents.
- Explain, advise and recommend action on policy matters to Ava's Board of Directors; and advise the Board of Directors of problems and/or potential problems and recommend appropriate courses of action.

External

- Actively represent Ava on/at a variety of committees, boards, and commissions, and in public hearings and other meetings.
- Engage and foster positive relationships with Ava's member agencies, customers, private businesses, regulatory and other agencies, and utilities. Examples:
 - *Regulatory agencies: California Public Utilities Commission (CPUC), California Independent System Operator (CAISO), California Energy Commission (CEC), California Air Resources Board (CARB)*
 - *Key partner agencies: CC Power and California Community Choice Association (CalCCA)*
 - *Utilities: Pacific Gas & Electric Company and other investor-owned utilities*
- Address legislative and regulatory bodies to influence or persuade them to form supportive opinions or take actions related to advancing program goals; review economic trends and regulatory changes to determine the impact on operations; review and critique codes and ordinances; and initiate studies of technical problems and recommend revisions.
- Consult with and solicit the cooperation of business and community groups and government agencies in assessing, identifying, and analyzing renewable energy and energy conservation needs and objectives in the region.

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Attributes of a Strong Candidate

- A well-respected and influential leader with strong business acumen and a history of driving results and helping organizations and teams successfully achieve their mission.
- A broad leadership skillset that can adapt to various situations, ranging from strategic to operational, and those requiring more immediate, short-term, or long-term action.
- Excellent written and verbal communication skills, including public speaking.
- Proven success fostering a collaborative, customer-focused, continuous-learning, and high-performance and enjoyable workplace culture.
- Well skilled with board management and utilizing various communication methods with individual board members and the entire board to ensure the Board is oriented, educated and up-to-speed with various issues so that the board is efficient and effective. Able to balance the board's interest on programs at the local level, while also keep the board focused on the 3 most critical elements of a successful CCA: (1) power supply (2) energy risk management and (3) good reserves.
- Possesses an insider's understanding of the complex California energy industry and all its nuances. This includes being well-connected and staying abreast of technological and regulatory changes.
- A politically savvy individual who understands the important role that each one of Ava's member organizations plays in contributing to the overall success of Ava, and someone who can exercise excellence in overall political management.
- Cultivates and maintains positive, productive partnerships and champions transparency, is inclusive and collaborative.
- Takes fiduciary responsibility seriously and has the skill and experience to effectively manage the organization's finances.

Candidates should possess the following Knowledge/Abilities

- Knowledge of the principles, practices and procedures of municipal governance, including the Brown Act.
- Knowledge of related regulatory and statutory issues and requirements
- Knowledge of energy principles, energy supply and the California energy market
- Ability to collaborate and communicate with external partners and stakeholders, public and investor-owned utilities, energy services and power suppliers, local advocacy organizations, regulators and other governmental agencies, interest groups, unions, community groups, the public, legislative and the media.

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- Knowledge of principles and practices, methods and technical requirements of utility management, organization, administration, financing, pricing, and community relations.
- Ability to identify and respond to issues, concerns, and needs of the Board, member agencies and the community.
- Ability to develop risk management strategies, policies, and contingency plans to address changing needs.
- Ability to lead long-range strategic and fiscal planning for program development, and plan, schedule, budget and allocate program resources, and can monitor, evaluate, and assure compliance with program goals, policies and procedures.
- Ability to negotiate contracts.
- Ability to comfortably discuss current issues in demand-side management, renewable energy, climate change, and energy policy.
- Ability to handle multiple projects simultaneously within time constraints.
- Ability to exercise discretion and independent judgment.
- Ability to maintain a good working relationship with staff, stakeholders and customers.
- Ability to recognize and resolve problems of a sensitive or political nature.
- Ability to Analyze, collect, interpret, and evaluate a variety of complex qualitative and quantitative data; compute cost/benefit ratios; project costs.
- Knowledge of IOU, CEC, CAISO, and CPUC, including authorized energy efficiency and renewable energy programs
- Some knowledge/familiarity with FERC would be helpful.
- Ability to prepare clear and concise reports, policies, procedures, correspondence, and other written materials as needed, including the preparation of periodic and ad-hoc reports as required by the board, funding agencies and other interested parties.
- Ability to effectively communicate, both orally and in writing, including making presentations of findings, recommendations, and policies to board members, employees and key stakeholders.

Required Qualifications

Any combination of experience and training that would provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

- a bachelor's degree, ideally in business, public administration, engineering, or a related field
- 10+ years of progressively responsible experience in energy/utility companies or agencies
- 5+ years of broad and extensive people management experience responsible for the implementation of programs, budgets, and administrative operations.

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- Executive level leadership in the public or private sector is required and managerial experience in a public agency is desirable.
- Additional certifications/training in managerial techniques are highly desirable.

LICENSES: Possession and continued maintenance of a valid class C California driver's license with a safe driving record is required to operate company vehicles.

HYBRID WORK STRUCTURE: Ava currently maintains a hybrid work structure, with all employees expected to attend regular in-person meetings near the main office in Oakland. The CEO is expected to be based in the San Francisco Bay Area and available to meet, as often as needed, with Board members, community members and employees for face-to-face meetings.

PHYSICAL AND WORKING CONDITIONS: *The CEO position requires physical and mental demands to successfully perform the essential functions of this job. Reasonable accommodation may be made to enable individuals with disabilities to perform the essential job functions.*

Compensation and Benefits

For the CEO position, Ava offers a generous compensation and benefits package (subject to board approval) including a target annual base salary range of: \$400,000 - \$450,000 as well as other additional compensation potential, Plus:

- Zero-cost health insurance (medical, dental, vision)
- Life and AD&D, EAP, STD, and LTD benefits
- Retirement plan with Employer Matching
- Car Allowance
- Social Security deferment
- Paid Time Off
- Commuter Benefits
- Fertility & Adoption Benefits
- Pet Insurance
- Mental Health Support
- Flexible Spending Accounts
- Onsite Fitness Center
- Complimentary Garage Parking
- And More!

Ava strongly encourages people of all characteristics to apply. The agency prohibits unlawful discrimination and harassment of any type based on age, religion, color, gender identity or expression, race, ancestry or national origin, religion or creed, marital status, military or veteran status, sexual orientation, genetic information or characteristics, and those with a disability as protected by federal, state, and local laws.

The recruiting practices of J. Tedesco & Associates are AA/EEO compliant and are aimed at developing a diverse slate of candidates.

J. Tedesco & Associates

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San Diego, CA 92121

Jonathan L. Tedesco

Managing Director

Office: 858.755.8550

jlt@tedescoassociates.com

PLEASE DIRECT ANY INTEREST OR INQUIRIES TO:

Jon Tedesco

Managing Director

J. Tedesco & Associates

email: JLT@tedescoassociates.com or cell: 312.399.1075

TO APPLY FOR THE CEO POSITION, PLEASE PROVIDE THE FOLLOWING:

1. a Cover Letter that addresses the following 4 areas:

- *A summary of your qualifications, specifically your executive leadership, budget/finance, governance and personnel management, contract negotiation and energy market or utility experience.*
- *An example of a time when you successfully managed competing political interests among parties. How did you do it and what was the outcome?*
- *A description of your approach and experience working with a board of directors.*
- *An example of how you have promoted and supported diversity, equity and inclusion in the workplace.*

2. a current Resume

Thank you for your interest in this opportunity!

THE APPLICATION DEADLINE IS 5 PM PACIFIC TIME, MAY 10, 2024



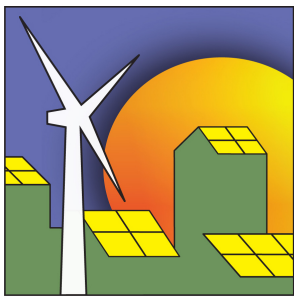
CEO Executive Recruitment

Update

4/17/24

Ad Hoc Committee Actions & Progress

Action: Retained J. Tedesco & Associates	Targeted Timeline	Requested Board Direction
<p><i>J. Tedesco & Associates is a boutique executive search firm, founded in 1998, which specializes in recruitment for positions in utilities and the energy sector.</i></p>	<ul style="list-style-type: none"> • 4/18/24 - Target date for official recruitment launch, including a posting on the Ava website • 5/10/24 - Application due date • 5/13/24-6/6/24 - Search committee candidate review • 6/12/24 - Search committee presents proposal for CEO selection at June BOD meeting • 7/15/24 - Target CEO start date 	<ol style="list-style-type: none"> 1. Provide direction on the position specification. 2. Approve proposed posted target salary range for the position of \$400-450k. <p><i>This is consistent with CEO data provided by Tedesco's database of CCA CEO compensation.</i></p>



LOCAL
CLEAN
ENERGY
ALLIANCE

Jessica Guadalupe Tovar
339 15th St Suite 208
Oakland, CA 94612
415-766-7766
jessica@localcleanenergy.org

April 15, 2024

Subject: [Item 17. Ava Solar Billing Plan - Action Item](#) (Net Energy Metering)

Dear Board of Directors of Ava Community Energy,

We, the undersigned allies of East Bay Clean Power Alliance, ask you to **postpone a decision** on the staff proposal that allocates \$8.4 Million over the next 5 years on adders to the PG&E Solar Billing Plan (SBP). By matching PG&E's Base SBP developed from the CPUC decision to devalue the export price of solar from the retail to wholesale cost per kWh, Ava Community Energy will save millions of dollars that would normally have been paid to customers under NEM 2.0. We are grateful that Ava Community Energy is considering creative ways to best use these now available funds in ways that provide equal value while addressing the particular needs of its customers. However, we have some concerns regarding accessibility and prioritization of the current adder program.

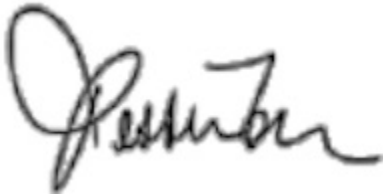
While it is unclear from the staff presentation how much the Capacity-Based Battery Storage program would cost and we are encouraged to hear that the program will include multipliers for CARE/FERA and other low income customers, the proposed adders, particularly for CARE/FERA customers are so minimal (10% reduction on bill) that they would not significantly reduce the payback time and therefore not increase accessibility of solar. Furthermore, the larger of the two adders, for exports between 3-8pm requires customers to have storage in addition to solar to take advantage of it. These conditions render the adders completely unusable for most low income communities. Unfortunately, Ava Community Energy has a history of creating partial incentive and rebate programs that require disposable income and, as such, are non-starters for low income people. We ask the agency to think more creatively and equitably.

Given Ava Community Energy's mandate from the Local Development Business Plan to prioritize equity and disadvantaged communities, the agency should be considering not only how to best incentivize rooftop solar and storage for customers but also how to do so in a way that also advances equity and access. As a public agency, Ava Community Energy should make use of the flexibility it has gained to design an accessible and equitable allocation of \$8.4 Million that would previously have been paid out to solar customers via NEM 2.0. By rough estimate, this could pay for direct installation of completely paid for solar on 500 homes in Ava Community Energy service territory.¹

¹ Using public works adjusted rates of \$3.50/W, \$8.4 million can pay for 2400 kW of installed solar. Standard 400W per panel, 12 panel solar systems would mean 500 homes could be outfitted with solar at no cost to customers.

Comments made by Board Members and the public at the executive board meeting on November 1, 2023, indicate interest in a grant or financing direct install program for both solar and storage with priority for low income customers. Considering staff's existing proposal for a Capacity-Based Battery Storage Program, we suggest that Ava Community Energy staff reallocate funds slated for adders to a completely paid for solar direct install program targeted towards those for whom statewide and federal rebate, incentive or subsidy programs are inaccessible. Furthermore, this incentive program should specifically target solar to low income customers that have significant daytime use, to ensure maximum value from the solar installation. We argue such a program would be a more impactful allocation of available funds and will be more effective in providing equity. We would also welcome a program that provides working-class and middle-class customers the opportunity to stack incentives that enhance the monetization pathway available for multiple distributed energy resource types, including a robust pathway toward microgrid adoption. This could strengthen existing solar systems for low-income people like the SOMAH program (Solar on Multi-Affordable Housing) which is currently solar without battery storage. Finally, we recommend that Ava Community Energy roll out the Base SBP on the same timeline as PG&E to avoid any potential confusion and develop both the Capacity-Based Battery Storage Program and a Low Income High-Daytime Use Direct Install Solar Program within the second quarter of 2024.

Thank you very much for considering this needed adjustment to advance equity and accessibility to bring, "Clean Power to the People."

A handwritten signature in black ink, appearing to read 'Jessica Tovar', written in a cursive style.

Jessica Guadalupe Tovar, East Bay Clean Power Alliance



Bradley Cleveland, Consultant
2429 E 23rd St | Oakland, CA 94601
510.967.1066 | bradley.thepublicworks@gmail.com

17 April 2024

To Ava Energy Board of Directors

Re Comments on Item #18, Solar and Storage Program

My name is Bradley Cleveland, an Oakland resident, and a consultant for IBEW Local 595.

I want to expand upon public comments I made during the March 6th Executive Committee meeting, where staff presented this proposal.

First, we ask the Board to allocate \$15 million, or 75% of the budget surplus, to CARE/FERA residential customers and community resiliency hubs, and the remaining \$5 million to “market rate” residential customers.

Such an allocation better advances Ava Energy’s commitment to prioritize equity and investments in disadvantaged communities, and aligns with the recommendations of the East Bay Clean Power Alliance, which has long advocated for a community resiliency hub program.

In addition, such an allocation allows Ava Energy to maximize federal tax rebates available through the direct pay program, authorized under the Inflation Reduction Act. Under direct pay, tax-exempt entities—schools and churches, community centers and affordable housing developments—that invest in solar PV systems, battery storage, and other clean energy projects are eligible for tax rebates worth 30 to 70% of project costs. Direct pay provides “stackable” incentives:

- Projects that pay prevailing wage and employ apprentices are eligible for a 30% credit;
- Projects located in a disadvantaged community or in an affordable housing complex may qualify for rebates of 10 to 20%;
- Ones using material with domestic content can receive another 10%.

By tapping these federal tax credits, Ava’s \$15 million investment can result in a federal match of \$7.5 million, or more, which can be reinvested in additional local, clean energy projects.

Second, we want to argue against a cap on the size of battery storage systems at community resiliency hubs, which is under consideration. While we agree Ava should fund projects that vary in design, size, and location, the quality of the proposal, not its size should be paramount. Ava needs to consider the organization proposing a hub to ensure they are a trusted partner in their community, and have the capacity to increase that community’s resilience, whether that means a church serving as a cooling center during a heat emergency; a senior housing complex providing air filtration during a wildfire smoke event; or a community health clinic providing urgent care during a power outage.

Thank you, and IBEW Local 595 stands ready to work with Ava staff as it finalizes this proposal.

Sincerely yours,
Bradley Cleveland