



Community Advisory Committee Meeting

Monday, June 10, 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 Stephenson – 1343 Fairview Ct, Livermore CA 94550
Member Swaminathan – 4563 Meyer Park Circle, Fremont, CA 94536
Member Lakshman – 4664 Rousillon Ave, Fremont, CA 94555
Member Kaur – Starbucks at 1857 11th St. Tracy, CA 95376

Via Zoom:

<https://us02web.zoom.us/j/84794506189>

Or join by phone:

Dial (for higher quality, dial a number based on your current location):
US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929
205 6099 or +1 301 715 8592 or +1 312 626 6799 or 877 853 5257 (Toll Free)
Webinar ID: 847 9450 6189

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 Committee, please email it to the clerk by 5:00 pm the day prior to the meeting.

C1. Welcome & Roll Call

C2. Public Comment

This item is reserved for persons wishing to address the Committee 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 Committee are customarily limited to three minutes per speaker and must complete an electronic [speaker slip](#). The Committee Chair may increase or decrease the time allotted to each speaker.

C3. Approval of Minutes from May 13, 2024

C4. CAC Chair Report

C5. 2024-2025 Budget (Board Action Item)

Consider approval the fiscal year budget for 2024-2025

C6. Long-Term Offtake Agreements (Board Action Item)

Consider approval and execution of the purchased power agreement for Rosemary Solar+Storage Contract and Aypa Storage Contract

C7. Managed Charging Program Scope under DERMS Contract (Board Consent Item)

Action item to include a managed EV charging services scope under the existing authorization for the CEO to negotiate and execute Lunar Energy DERMS contract

C8. Additional Funding to The Energy Council (“Stopwaste”) to Administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program (Board Consent Item)

Add funding to existing Heat pump water heater program

C9. CAC Member and Staff Announcements including requests to place items on future CAC agendas

C10. Adjourn

The next Community Advisory Committee meeting will be held on Monday, July 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

Community Advisory Committee Meeting

Monday, May 13, 2024

6:00 pm

In Person:

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In the Transpacific Centre
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Or from the following remote locations:

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Member Swaminathan – 4563 Meyer Park Circle, Fremont, CA 94536
Member Lakshman – 3602 Thornton Ave. Fremont, CA 94536
Member Kaur – Starbucks at 1857 11th St. Tracy, CA 95376
Member Harper – 1234 W Oak St, Stockton CA, 95204
Vice-Chair Souza – 24027 Wilcox Lane, Hayward, CA 94541

Via Zoom:

<https://us02web.zoom.us/j/84794506189>

Or join by phone:

Dial (for higher quality, dial a number based on your current location):
US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929
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If you have anything that you wish to be distributed to the Committee, please email it to the clerk by 5:00 pm the day prior to the meeting.

C1. Welcome & Roll Call

Present: Members: Landry, Balkissoon, Stephenson, Lakshman, Pacheco, Harper, Lutz, Vice-Chair Souza and Chair Hernandez

Not Present: Members: Hu, Swaminathan and Kaur

C2. Public Comment

This item is reserved for persons wishing to address the Committee 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 Committee are customarily limited to three minutes per speaker and must complete an electronic [speaker slip](#). The Committee Chair may increase or decrease the time allotted to each speaker.

(2:13) Public Comment: Jessica Tovar expressed concern that Ava has strayed from its original mission to reinvest proceeds from selling electricity into community initiatives and asked the Community Advisory Committee to steer the agency back towards its foundational goals.

C3. Approval of Minutes from April 15, 2024

(5:15) Member Balkissoon motioned to approve the minutes. Member Landry seconded the motion, which was approved 8/0/0/4:
Yes: Members: Landry, Balkissoon, Stephenson, Lakshman, Harper, Lutz, Vice-Chair Souza and Chair Hernandez
No: none
Abstain: none
Recuse: none
Not Present: Members Hu, Swaminathan, Pacheco and Kaur

C4. CAC Chair Report

(6:24) Chair Hernandez reported on the following topics from the April 17, 2024 Board of Directors meeting:

- **PG&E Nuclear Allocation** - There was a significant discussion about this item. Chair Hernandez initiated a conversation about delaying approval of the nuclear allocation and he stated the CAC's opposition to accepting the nuclear allocation.
- CEO Chaset emphasized that accepting a nuclear allocation from Diablo Canyon could help meet clean energy goals more cost effectively amid energy rising prices. However, this was met with opposition from members

who spoke in favor of a continued focus on renewable sources.

- Chair Hernandez relayed the CAC's support for multiple community-focused initiatives, such as the **solar building plan** and the **direct current fast charging initiative**. Additionally, the committee sought further information about **supplier diversity** and incentives for **rooftop solar** to counteract the impacts of net billing tariffs.
- There was a unanimous decision to use surplus funds to encourage **solar and battery installations** among Ava's customers, with \$20 million allocated to support solar and storage, and \$100,000 dedicated to promoting direct current charging.
- Chair Hernandez stated that the process for **hiring a new CEO** was ongoing, with interviews planned for June and a target to appoint a new CEO by July 15.

C5. Community Innovation Grant Agreements (Board Action Item)

Authorize CEO to negotiate and execute grant agreements with Rising Sun and AGAPE for early workforce training

(11:32) Heidy Ramirez presented on Community Innovation Grants, a program focused on providing workforce opportunities for youth aged 18 to 24 in the clean energy sector. The grants total \$300,000 over three years for each recipient. Rising Sun will expand its Climate Careers program in both East Bay and San Joaquin County. This program is focused on training and providing online resources for job placement. Agape, a collaborative initiative between Cypress Mandela Training Center and Revalue, plans to empower youth through hands-on training and professional development.

(19:26) Member Balkissoon asked about the metrics of success regarding employment outcomes for program graduates. She suggested that employment rates should be a criterion for evaluating grantees.

(22:12) Member Landry asked why the age range for the grants was specifically set to 18-24 years, and whether it could be expanded to include older individuals. **Heidy Ramirez** responded that this specific age range was chosen based on community feedback and noted that future grants would target adults of all ages..

(23:04) Vice-Chair Souza further asked if there was a certification program or another method to help ensure program graduates are suitably trained and ready for employment..

(24:22) Public Comment: Jessica Tovar stated that the Community Advisory Committee should have been given a more active role in selecting the grant recipients. She also stated that the grant amounts are too low and spoke in favor of smaller grants to support emerging organizations.

(28:06) Vice-Chair Souza motioned to approve the staff's recommendation. Member Lutz seconded the motion, which was approved 9/0/0/0/3:

Yes: Members: Landry, Balkissoon, Stephenson, Lakshman, Pacheco, Harper, Lutz, Vice-Chair Souza and Chair Hernandez

No: none

Abstain: none

Recuse: none

Not Present: Members Hu, Swaminathan and Kaur

C6. Legislative Update (Board Action Item)

Update on recommended bill positions and Ava's Legislative Program, and vote on bill positions

(29:07) Alec Ward and **Feby Boediarlo** discussed 11 bills that staff is asking for the board to support, with an emphasis on issues such as affordability, equity, and reducing interconnection delays.

(48:10) Member Balkissoon, referring to AB 2427, asked about the checklist that Go-Biz would create for curbside charging stations and whether it aligns with local city plans. **Feby Boediarlo** responded that staff is consulting with local cities to ensure alignment, and that staff is concerned about the potential burden on local agencies to provide extensive feedback to the state.

(48:57) Vice-Chair Souza, referring to AB 2329, asked about the Climate Equity Trust Fund - specifically if there were projections on how much funding could be generated from cap and trade and other sources. **Feby Boediarlo** responded that several federal funding opportunities could contribute to this fund, and that the fund would directly support low-income customers.

(51:02) Member Landry asked about AB 1999 and the implementation of income-graduated fixed charges. **Alec Ward** stated that this bill aims to balance the fixed charges with volumetric rates to maintain affordability, especially for low-income customers.

(54:42) Member Harper asked about the coordination between Ava's local programs team and the legislative team, and how staff ensures that advocacy is supported by the community. **Alec Ward** responded that staff engage extensively with community members and stakeholders to align its legislative efforts with local needs. **Member Harper** then asked about Ava's top legislative priorities.

Alec responded that their main focus areas were affordability and interconnection.

(59:58) Member Pacheco asked about support for AB 1567, which seeks funding for offshore wind infrastructure. **Alec Ward** clarified that the bill was not moving forward, but that support would be provided for similar legislative opportunities.

(1:03:31) Chair Hernandez asked about SB 1095 which focuses on removing HOA restrictions that hinder residents in mobile homes from transitioning from gas to electric. **Feby** clarified that the bill is narrowly focused on removing these specific restrictions and mentioned that funding specifics might be linked to the Bay Area Air Quality Management District, though she noted a need to confirm these details.

(1:08:38) Member Landry motioned to approve the staff's recommendation. Member Balkissoon seconded the motion, which was approved 9/0/0/0/3: Yes: Members: Landry, Balkissoon, Stephenson, Lakshman, Pacheco, Harper, Lutz, Vice-Chair Souza and Chair Hernandez No: none Abstain: none Recuse: none Not Present: Members Hu, Swaminathan and Kaur

C7. Draft Budget Review (Board Informational Item)

Review the draft budget for the 2024-2025 fiscal year.

(1:09:49) Howard Chang presented the 2024-2025 draft budget for Ava Community Energy. He discussed operational procedures for energy scheduling and procurement and outlined fiscal proposals. Howard noted significant budget surpluses and planned contributions to reserves, alongside adjustments in customer rates and service expansions due to the inclusion of Stockton and Lathrop in the service area.

(1:33:21) Member Balkissoon asked Howard Chang why the Renewable 100 service isn't receiving a similar discount as the Bright Choice service. **Howard** explained that the pricing between Bright Choice and Renewable 100 reflects the actual cost differential and noted that renewable energy costs are rising, making it challenging to adjust Renewable 100 rates without affecting financial stability.

(1:37:17) Member Lutz asked Howard Chang about moving to cost-of-service pricing. **Howard** explained that Ava continues to index its rates to PG&E for several reasons, including achieving target reserve levels and the fact that their current rate indexing closely reflects the cost of service similar to PG&E's. He mentioned that any considerations for rate changes would require analyzing if

Ava's cost structures differ significantly from PG&E's, and if different time-of-use structures could offer benefits without confusing customers.

(1:43:10) Member Lutz proposed the idea of creating a new rate for 100% locally sourced renewable energy, acknowledging that it might carry a high premium. **Howard** responded that introducing a new rate isn't operationally difficult, but the challenges lie in determining which customers would be affected, how to market the new rate, and the complexity it adds to energy pricing.

Member Pacheco and **Member Landry** also spoke in support of creating a new rate.

(1:50:29) Member Landry asked about plans for an in-house call center to provide local, unionized jobs. **Howard** clarified that while there was a directive to hire local union workforce, the call center would continue with SMUD, with a target to have them based in the Ava service territory.

(2:03:13) Public Comment: Aya Peters Paz, representing the Local Clean Energy Alliance, urged the CAC and the board to allocate \$15 million into a Community Resilience Hub program. She emphasized that the current proposal for microgrids and solar and storage at critical municipal facilities is insufficient for meeting broader community needs for climate resilience and daily resources during crises.

(2:06:23) Public Comment: Jessica Tovar spoke in support of allocating \$15 million towards community-based organizations in Ava's service territory. She also asked the CAC to recommend increasing the community grant line item and to add additional smaller grants to support grassroots organizations.

C8. DERMS + Battery Program Administration (Board Action Item)

Action Item authorizing CEO to negotiate contract for Distributed Energy Resource Management System (DERMS) + Battery Program Administration Support

(2:26:28) Feliz Ventura provided an in-depth explanation of the DERMS (Distributed Energy Resource Management Systems) and its necessity for managing a variety of distributed energy resources within Ava's service area. She discussed the benefits of implementing DERMS, such as optimizing the use of renewable energy, reducing grid strain, and aiding customers in managing their energy devices effectively. Feliz also outlined the selection process for the DERMS provider, detailing the criteria and recommendation to select Lunar Energy.

(2:27:30) Member Pacheco spoke about the importance of service providers being locally based and suggested the need for a neutrality agreement if Lunar is

non-union.

(2:42:54) Member Balkissoon asked if the DERMS platform could support future technologies like bi-directional charging using data from smart meters. **Feliz** confirmed that the platform could manage bi-directional charging and incorporate smart meter data.

(2:44:10) Vice-Chair Souza asked about privacy issues related to data monitoring. **Feliz** responded by referencing PG&E's Power Lords program as a proof of concept for DERMS functionality.

(2:46:50) Member Lutz asked about the potential for the DERMS platform to integrate with new construction technologies like smart water heaters, and whether Lunar Energy's response to the RFP included capabilities for managing devices beyond solar and batteries. **Feliz Ventura** explained that pool pumps were not included in the RFP due to their relative scarcity in their service area, but future integration could be considered.

(2:49:02) Member Lutz also asked how Ava would interact with the virtual power plant system in real-time to manage energy needs. **Feliz** responded that the learning process for managing these interactions is ongoing.

(2:55:29) Member Pacheco motioned to approve the staff recommendation with the proviso that Lunar Energy announce a neutrality agreement position should its employees decide to organize. Member Landry seconded the motion, which was approved 9/0/0/0/3:
Yes: Members: Landry, Balkissoon, Stephenson, Lakshman, Pacheco, Harper, Lutz, Vice-Chair Souza and Chair Hernandez
No: none
Abstain: none
Recuse: none
Not Present: Members Hu, Swaminathan and Kaur

C9. PG&E Nuclear Allocation (Board Action Item)

Action item on 2025-2030 PG&E Nuclear allocation

(2:57:02) Howard Chang discussed the extended operational timeline of the Diablo Canyon nuclear plant until 2029-2030, prompted by concern over capacity shortfall. He reviewed past board decisions regarding nuclear energy, stating that while the Board has rejected the nuclear allocations, it also has approved a measure to accept nuclear allocations for resell. Howard also spoke about upcoming potential changes in emissions counting methodologies and the increase in renewable energy credit prices. He attributed these changes to various market pressures including extreme weather, increased demand, and accelerated renewable portfolio standards by community choice aggregators.

(3:23:34) Member Landry asked about the benefit of accepting a nuclear allocation given that Ava is projected to achieve zero greenhouse gas emissions by 2030 regardless of the nuclear decision. **Howard** responded that the staff is not recommending a specific action but presenting scenarios ranging from not accepting to fully accepting and procuring additional nuclear energy. Howard added that primary benefits of accepting the nuclear allocation could be reductions in GHG emissions and potential cost savings due to reduced need for procuring expensive large hydro in a high-energy-price market environment.

(3:30:19) Member Harper asked two questions: one about the reasons for the CPUC requiring PG&E to offer nuclear allocation to all load-serving entities, and the other about whether Ava has pursued allocations from PG&E's legacy solar and wind contracts or renegotiated to reduce costs. **Howard** explained that the extension of Diablo Canyon's operation was mandated by state and federal authorities due to reliability concerns and insufficient capacity on the grid. He also confirmed that Ava has actively participated in negotiations regarding the allocation of renewable energy attributes covered by the PCIA charges, which are part of a structured process for PG&E to offer these in the market. Further, Howard clarified that PG&E must offer a nuclear allocation to all load-serving entities in California as part of the regulatory framework.

(3:40:45) Public Comment: Timothy Smith spoke in favor the accepting the nuclear allocation to reduce Ava Energy's carbon emissions as swiftly as possible. He referenced PG&E's reported zero carbon emissions for 2023 and spoke about the urgency of accelerating toward a zero-carbon emissions generation portfolio. Timothy also stated that any surplus energy might be sold to other entities lagging behind in their emissions goals.

(3:42:50) Public Comment: Guido Nunes Munica spoke in favor of accepting PG&E's nuclear allocation (either option one or two). Guido Nunes-Munica argued that despite potential conflicts with values and principles, the existential threat of climate change necessitates using all available means to lower emissions.

(3:44:43) Public Comment: Brendan Pittman expressed his appreciation for the objective reporting on the carbon free allocation and mentioned the potential financial savings for residents like himself in Berkeley who contribute to the carbon free allocation through the Public Indifference Charge (PCIA). He asked for an open-minded approach to nuclear energy.

(3:46:56) Public Comment: Jessica Tovar strongly opposed Ava Community Energy's use of nuclear power. Jessica Tovar argued that supporting nuclear energy indirectly supports PG&E, which she criticized for its role in environmental and public safety disasters.

(3:49:16) Member Pacheco argued that by rejecting nuclear energy, Ava could continue to serve as a beacon for renewable energy advancement globally, and he expressed his readiness to support a motion against accepting the nuclear allocation to uphold the agency's foundational values and commitment to renewable energy.

(3:55:21) Member Balkissoon discussed the gradual phase-out of nuclear energy as outlined in the International Energy Agency's Net Zero by 2050 roadmap and noted California's significant investments in solar power as an alternative. She expressed concerns about the environmental and safety risks associated with older nuclear facilities like Diablo Canyon and advocating for a cautious approach towards future nuclear technology.

(3:57:49) Member Pacheco motioned to approve Option Zero. Member Landry seconded the motion.

Member Stephenson made a substitute motion to support option scenario two. There was no second for the substitute motion.

Member Stephenson made a substitute motion to support option scenario one. There was no second for the substitute motion.

Member Pacheco's original motion to approve option zero was approved 5/12/04:

Yes: Members: Landry, Balkissoon, Pacheco, Harper, Lutz,

No: Member Stephenson

Abstain: Vice-Chair Souza and Chair Hernandez

Recuse: none

Not Present: Members Hu, Swaminathan, Lakshman and Kaur

C10. CAC Member and Staff Announcements including requests to place items on future CAC agendas

(4:06:16) Member Pacheco requested to add an item regarding the Burr letter to the California Energy Commission, which advocates for a billion dollars in funding for offshore wind port development. Member Pacheco expressed interest in exploring how Ava and CalCCA might support this initiative due to financing issues that have affected similar projects on the East Coast, and he offered to provide additional information and possibly draft a supporting letter.

(4:07:39) Vice-Chair Souza requested to add a discussion item to explore the challenges consumers face when transitioning to electrification, particularly concerning the impacts on their utility bills.

(4:08:55) Member Harper asked to discuss the role of the CAC in shaping the Community Innovation Grants Program. Member Harper stated that the discussion should include the CAC's involvement in advising on RFP development, screening criteria, and metrics for success. He requested that staff provide an overview of the program's annual budget, grant selection metrics, key challenges, feedback from beneficiaries, efforts to secure public funding, and the program's future direction in relation to other local development grant programs.

(4:10:04) Member Balkissoon requested to discuss the potential of using existing electric vehicles (EVs) as bi-directional chargers. She stated that she is interested in exploring opportunities for these vehicles to support the grid, particularly in balancing solar power supply during peak and off-peak periods. She asked the CAC to consider whether there are grants available that could facilitate the implementation of this technology, and if this topic should be approached through legislative advocacy to promote relevant policies or support.

C11. Adjourned at 10:11 pm.

The next Community Advisory Committee meeting will be held on Monday, June 10, 2024 at 6:00 pm.

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CAC Item C5

Staff Report Item 17

TO: Ava Community Energy Authority Board of Directors

FROM: Nick Chaset, Chief Executive Officer

SUBJECT: Fiscal Year 2024-2025 Budget (Action Item)

DATE: June 12, 2024

Recommendation

Adopt a resolution approving the 2024-2025 fiscal year budget, including the allocation of surplus revenues proposed below.

Background and Discussion

Ava's fiscal year is from July 1 through June 30. Staff is presenting a proposed draft budget for fiscal year 2024-2025.

This budget presents revenues based on Ava's value proposition of a 5% discount relative to PG&E rates for Ava's Bright Choice product and a 0.25 cent premium for Renewable 100.

This budget also presents a low-to-moderate net position surplus as a base-case scenario, due to anticipated changes in rates and PCIA, as released in PG&E's Energy Resource Recovery Account ("ERRA") filing with the CPUC in May of this year. Staff is recommending a method to manage this surplus and any possible increases that may materialize by the end of the fiscal year.

1. No allocation to working capital retention
2. The first \$50MM to be allocated to reserves to ensure agency solvency, in the event of possible risk contingencies
3. Any additional surplus above the first \$50MM will be first allocated to a \$25 CARE/FERA on-bill credit, estimated at about \$3.3MM
4. Additional surplus above the previous allocations will be allocated as follows: 60% to a one-time on-bill credit for customers and 40% to Net Billing Tariff (NBT) incentives, up to \$25MM in total. This would provide a maximum of \$10MM to NBT and \$15MM to customers
5. Any additional remaining budget surplus above the previous allocations (estimated at \$78.3MM) will be added to reserve funds

This presented budget is based on feedback from a draft version presented at the Executive Committee on May 1, 2024, the Finance, Administrative, & Procurement Subcommittee on May 8th, 2024, the Board of Directors on May 15, 2024, and the Executive Committee on June 5, 2024 (“previous versions”). The budget outlines staff’s best expected estimates for costs and revenues anticipated for the next fiscal year, based on load, market prices, and PCIA charges. Due to these updates, the numbers in this draft may differ from those presented in previous versions.

	June Updated BUDGET	FY 2024 BUDGET
OPERATING ACTIVITY		
REVENUE & OTHER SOURCES		
Electricity Sales	881,671,000	957,028,000
Uncollectables	(8,817,000)	(12,095,000)
Other Operating Revenue	0	(6,642,000)
TOTAL OPERATING REVENUE	872,854,000	938,291,000
EXPENSES & OTHER USES		
Cost of Energy	760,248,000	682,367,000
Cost of Energy Services	11,608,000	11,219,000
Total Energy Operating Expenses	771,856,000	693,586,000
Overhead Operating Expenses		
Personnel	26,592,000	21,911,000
Marketing & Communications	6,168,000	5,303,000
Legal, Policy, & Regulatory Affairs	4,104,000	3,509,000
Other Professional Services	2,136,000	2,505,000
General & Administrative	5,868,000	5,711,000
Depreciation	399,000	360,000
Total Overhead Operating Expenses	45,267,000	39,299,000
NON-OPERATING ACTIVITY		
NON-OPERATING REVENUE		
Interest Income	11,400,000	1,680,000
Grants	350,000	0
Other Non-Operating Revenue	49,000	48,000
TOTAL NON-OPERATING REVENUE	11,799,000	1,728,000
NON-OPERATING EXPENSES		
Borrowing Interest	2,796,000	1,650,000
Local Development Funding	22,400,000	25,500,000
Capital Expenditures		
Investments	0	500,000
Other CapEx	100,000	0
Total Capital Expenditures	100,000	500,000
TOTAL NON-OPERATING EXPENSES	25,296,000	27,650,000
TOTAL REVENUES	884,653,000	940,019,000
TOTAL EXPENSES	842,419,000	760,535,000
TOTAL NET REVENUES	42,234,000	179,484,000

Fiscal Impact

This establishes the forecast of Ava’s fiscal position for the next 12 months with a positive net position.

Attachments

- A. Resolution adopting the Ava Community Energy Budget FY 2024-2025
- B. Ava Community Energy Budget for Fiscal Year 2024-2025 Presentation

RESOLUTION NO. R-2024-xx

A RESOLUTION OF THE BOARD OF DIRECTORS

OF AVA COMMUNITY ENERGY AUTHORITY TO APPROVE THE 2024-2025 FISCAL YEAR BUDGET AND THE WATERFALL ALLOCATIONS OF SURPLUS REVENUES

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 operates on a fiscal year budget cycle from July 1st through June 30th; and

WHEREAS draft versions of Ava’s budget for fiscal year 2024-2025 were presented to the Executive Committee on May 1st and June 5th, 2024, the Finance, Administrative, & Procurement subcommittee on May 8th, 2024, and the Board of Directors on May 15th, 2024 (the “Prior Presentations”); and

WHEREAS Staff has incorporated feedback from the Prior Presentations and prepared a revised proposed budget set forth in Exhibit A (the “Proposed Budget”).

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

Section 1. The Board of Directors hereby approves and adopts the Proposed Budget, as set forth in Exhibit A, as Ava’s fiscal year 2024-2025 budget.

Section 2. The Board of Directors hereby approves and assigns that net position surplus money abides by a waterfall of contributions, whereas the first \$50 million is to be applied to Ava’s reserve funds, then any additional surplus will first be allocated to a \$25 CARE/FERA customer on-bill credit, then the next \$25 million will be divided with 60% of that amount being allocated to on-bill credits for all customers and the remaining 40% to Net Billing Tariff incentives program, and any budget surplus beyond these aforementioned allocations will be added to reserve funds.

ADOPTED AND APPROVED this 12th day of June, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

Fiscal Year 2024-2025 Final Budget Board of Directors

June 12, 2024



Background & Discussion

- Every year in June, Ava Board of Directors approves the following fiscal year budget
- The Budget covers the overall general categories of
 - Revenues from Operations Energy Operating Expenses
 - Services to facilitate Energy Operations Overhead
 - Non-Operating Revenues Non-Operating Expenses
- The Budget typically goes through several rounds of review prior to BOD approval in June, with a full review in the May meeting along with review from subcommittees—typically the Finance, Administrative, and Procurement Subcommittee and the Executive Committee
 - Staff has reviewed the draft budget with the Exec Comm (5/1), FAP (5/8), BOD (5/15), and Exec Comm (6/5)
- Revenues are made from sales of energy to customers and rates are indexed to PG&E cost of service rates as approved by the CPUC
- Costs are typically 90% energy expenses with overhead and Local Development funding comprising nearly the remaining 10%



Executive Budget Summary

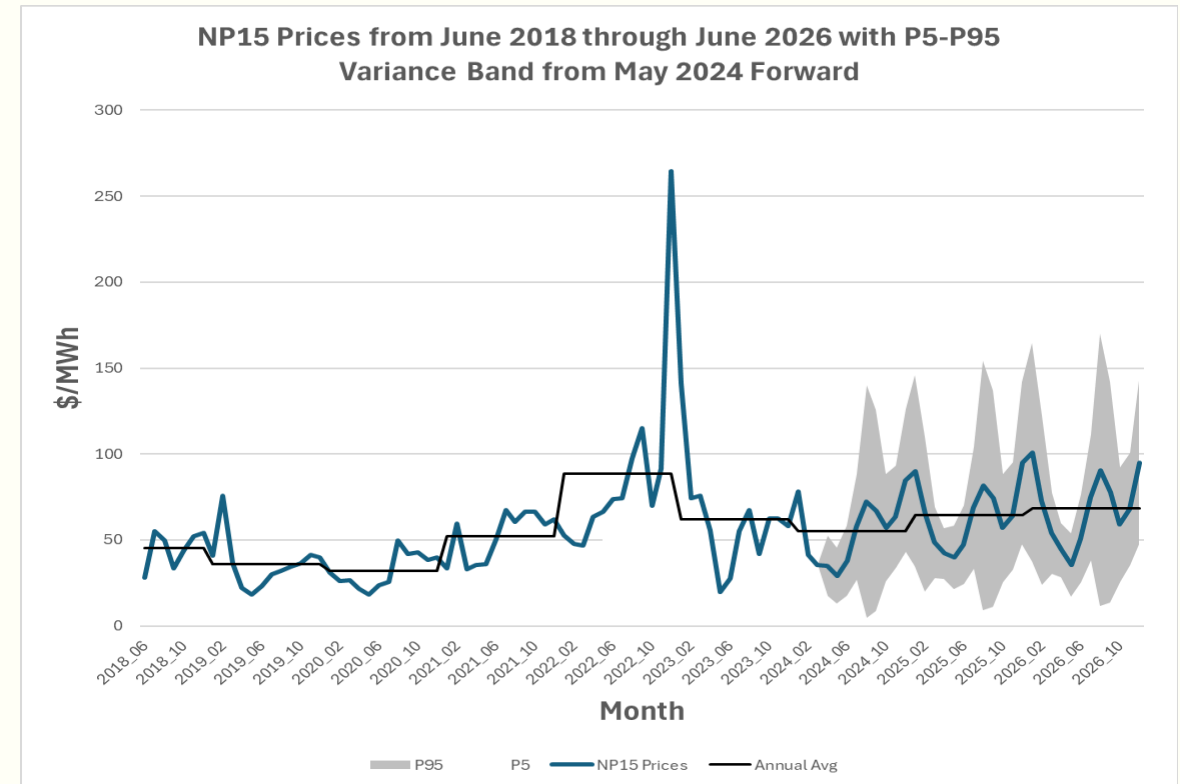
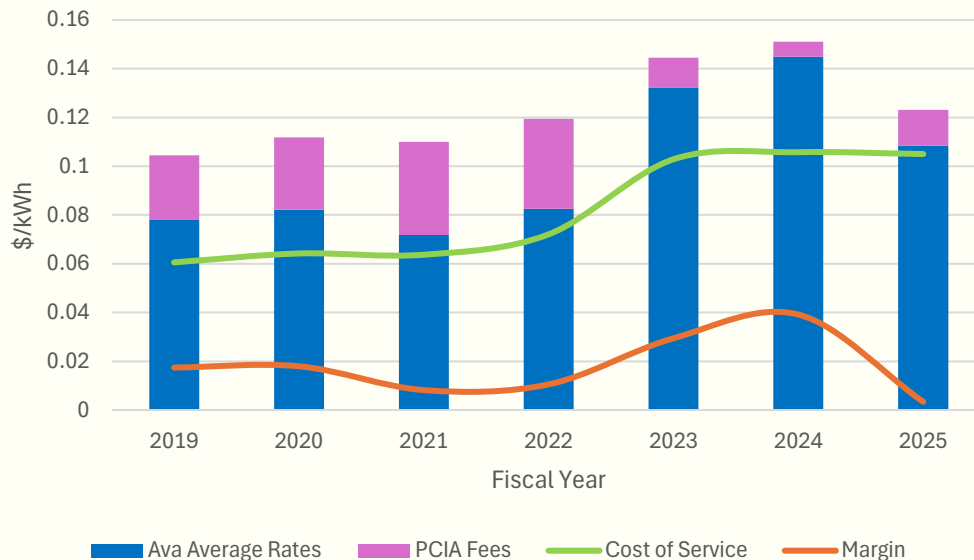
- In the face of rising energy costs, Ava is able to continue to serve our local community and customers with cost competitive & cleaner energy while providing local jobs and equitable programs
- Rates have increased and PCIA has decreased from 2021 to 2024, driven by historic increases in market energy prices starting in 2021. Comparatively, actual energy market prices have softened in the first half of 2024. This is lowering forecasted energy costs going into 2025 and the overcollection in 2024 will create a true-up to 2025 rates. These changes are driving forecasted decreases in rates and increases in PCIA in 2025.
- Renewable and carbon free energy has seen a marked increase due to higher demand and these higher prices are also expected to persist through 2030 as more and more renewable energy is demanded from carbon reduction target mandates across CCAs
- With Ava rates indexed to PG&E rates, this Draft Budget is materially different from May's presentation due to fundamental changes in PG&E's rates for 2025. The next slide gives more details into these changes.



Historical Rates & Energy Costs

- Ava's generation rates to customers are indexed to PG&E's
 - PG&E's rates are approved by the CPUC and are cost of service derived
- A portion of these approved rates are a pass-through charge to PG&E for the PCIA
 - The PCIA is PG&E recovery for long-term sunk costs for customers that have moved to Ava.
 - PCIA rates are based on an annual mark-to-market value of the costs, and are relative to the year of customer migration
 - Higher prices = lower PCIA

Customer Rate Revenue Profile



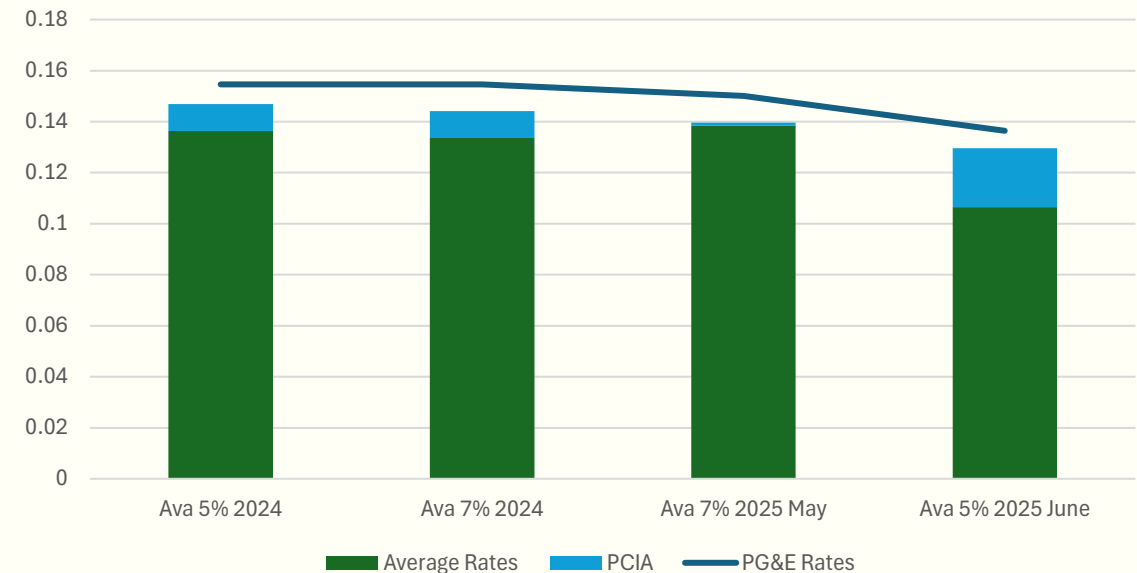
Hourly average day ahead prices



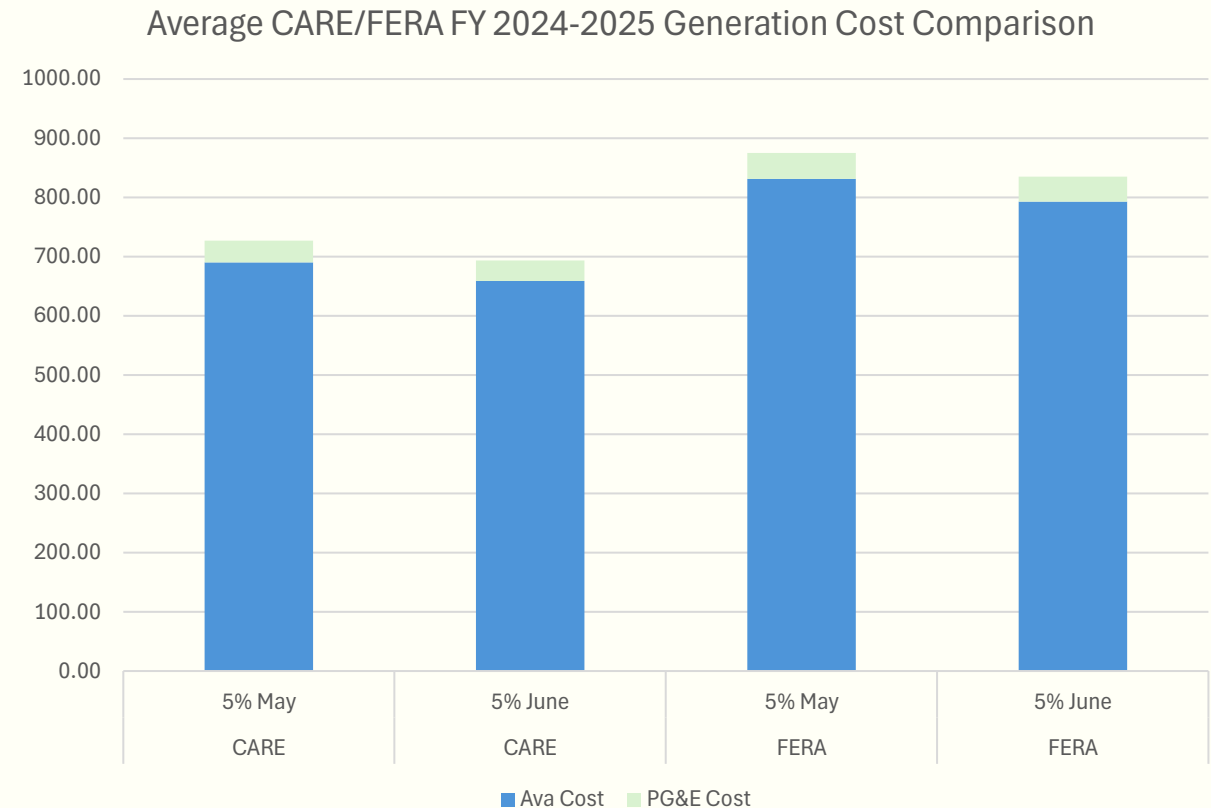
Summary of Budget Changes

- This June Budget update incorporates material changes from May’s draft budget presentation:
 - The May Energy Resource Recovery Account (ERRA) filing with the CPUC has created a material adjustment to the estimated Power Charge Indifference Adjustment (PCIA) for Ava customers for the 2025 calendar year.
 - Please note, there will be a final filing in October/November and these estimates may change further
 - The ERRA filing proposes decreased rates and increased PCIA for 2025
- Value proposition for Bright Choice is recommended to be maintained at 5% discount to PG&E
- \$50 CARE/FERA credit is not recommended for 2024-25 as reducing rates and 2023-24 anticipated in-bill credits keep these customers on par to this benefit
- Anticipated net revenues are recommended to be contributed to financial reserves, and a waterfall scenario is presented to address possible surplus above expectations
- Increased carbon free energy procurement targets are maintained
- Meaningful contribution to local development programs is maintained
- Expansion of staff, operations, and overhead is maintained

Average Bright Choice Rates: Ava and PG&E for Calendar Years 2024 and 2025



- This Draft Budget does not recommend the \$50 CARE/FERA credit because with the reduced rates, and the increase in forecasted 2023-24 on-bill credit, the average CARE/FERA customer is at least as well off as having received the credit.
 - Annual average CARE customer savings from rate reduction: \$31.50
 - Annual average FERA customer savings from rate reduction: \$37.90
 - In Jan 2024 the board approved (per resolution R-2024-2) after the reserve allocation 60% of the remaining budget surplus to be allocated to on-bill credits with a meaningful contribution to CARE/FERA customers
 - This 60% surplus allocation to on-bill credits is currently estimated at ~\$34MM
 - A \$25 bill credit to all CARE/FERA customers equates to ~\$3.3MM
 - Staff will propose actual on-bill credit amounts per customer segment with final surplus figures



Excludes T&D Charges



Recommended Budget Base Case Assumptions Attachment Staff Report Item 17B

Revenues

- No changes to 2023-24 Value Proposition
 - Bright Choice held at 5% discount to PG&E
 - No change to Renewable 100
- No initial bill credit applied to CARE & FERA customers
- Assumes 2024 rates and PCIA forecasts are unchanged
- Assumes Rates and PCIA for 2025 are enacted as stated in May ERRA filing and are based on non-stressed, or mean-forecasted, energy rates
- 1.0% uncollectable rate for full fiscal year
- No recognition of GASB 62 revenue (\$42.5MM)
- Non-operating revenue assumes average 4.0% interest rate earned through the fiscal year

Energy Costs

- Costs are derived from a blend of contracted and open positions for all energy and renewable attributes
 - Open prices are non-stressed, mean forecasted
- Carbon free energy (which can include either RE or CO2-free) is above recent Board approved targets by 5%
 - 2024: CF 81% (71% + 10% approved adder)
 - 2025: CF 81% (76% + 5% proposed adder)

Other Costs

- Adding incremental staff of 15 FTE for expanding operations
- Marketing includes new community required mailings and an increase in advertising
- Program funding budgeted at \$22.4MM



Budget Comparison Fiscal Year 2024-2025

- Recommended Budget revenue estimates are maintained at 5% discount to PG&E for Bright Choice and a 0.25 cent premium for Renewable 100 customers
- Recommended Budget has no \$50 CARE/FERA credit in Other Operating Revenue
- Increases in Cost of Energy are driven by market price volatility with renewable attributes
- All other cost items are unchanged including Local Development contribution
- Recommended Budget yields net result of 4.8% margin, which is a 66.5% reduction from May's estimates

	June Updated BUDGET	May Draft BUDGET	FY 2024 BUDGET
OPERATING ACTIVITY			
REVENUE & OTHER SOURCES			
Electricity Sales	881,671,000	979,017,000	957,028,000
Uncollectables	(8,817,000)	(9,790,000)	(12,095,000)
Other Operating Revenue	0	(6,487,000)	(6,642,000)
TOTAL OPERATING REVENUE	872,854,000	962,740,000	938,291,000
EXPENSES & OTHER USES			
Cost of Energy	760,248,000	753,523,000	682,367,000
Cost of Energy Services	11,608,000	11,608,000	11,219,000
Total Energy Operating Expenses	771,856,000	765,131,000	693,586,000
Total Overhead Operating Expenses	45,267,000	45,267,000	39,299,000
TOTAL OPERATING EXPENSES	817,123,000	810,398,000	732,885,000
NON-OPERATING ACTIVITY			
TOTAL NON-OPERATING REVENUE	11,799,000	11,799,000	1,728,000
TOTAL NON-OPERATING EXPENSES	25,296,000	25,296,000	27,650,000
NET NON-OPERATING POSITION	(13,497,000)	(13,497,000)	(25,922,000)
TOTAL REVENUES	884,653,000	974,539,000	940,019,000
TOTAL EXPENSES	842,419,000	835,694,000	760,535,000
TOTAL NET REVENUES	42,234,000	138,845,000	179,484,000



Reserve Amounts & Proposed Surplus Allocations

- Current Reserve Balance of \$230,873,400 covers 31.5% of FY23/24 operating expenses (OpEx)
- Expected November contribution to raise balance to \$330,873,400 covers 40.8% of FY24/25 OpEx
- Preliminary estimate of FY25/26 OpEx increase largely due to an increase in OpEx from Stockton and Lathrop expansion

Contribution Year	Contribution	Withdraws	Balance	OpEx to Cover	PctOps
2018-2019	40,513,687	-	40,513,687	410,686,000	9.9%
2019-2020	49,704,640	-	90,218,327	383,045,000	23.6%
2020-2021	-	-	90,218,327	471,897,000	19.1%
2021-2022	65,655,073	-	155,873,400	562,667,000	27.7%
2022-2023	75,000,000	-	230,873,400	732,885,000	31.5%
2023-2024	100,000,000	-	330,873,400	810,350,000	40.8%
2024-2025*	42,234,000	-	373,107,400	1,045,192,000	35.7%

*Proposed contribution with projected operating expenses to cover as of 5/28/2024

- Based on the updated May ERRA filing, staff recommends the following waterfall with surplus budget revenues
 - No allocation to working capital
 - Up to the first \$50MM to be allocated to reserve funds
 - Any additional remaining budget surplus above the first \$50MM will first be allocated to a \$25 CARE/FERA on-bill credit (estimated ~\$3.3MM)
 - Additional budget surplus above the previous allocations and up to a total of \$25MM will be allocated 60% to one-time on-bill credits for customers and 40% to NBT incentives. This gives \$10MM to NBT and \$15MM to customers
 - Any additional remaining budget surplus above the previous allocations will be added to reserve funds



Draft Budget: Operating Revenues

OPERATING ACTIVITY	June Updated BUDGET	May Draft BUDGET	FY 2024 BUDGET
REVENUE & OTHER SOURCES			
Electricity Sales	881,671,000	979,017,000	957,028,000
Uncollectables	(8,817,000)	(9,790,000)	(12,095,000)
Other Operating Revenue	0	(6,487,000)	(6,642,000)
TOTAL OPERATING REVENUE	872,854,000	962,740,000	938,291,000

- Revenues are based on the following assumptions:
 - Bright Choice product maintained at 5% discount to PG&E
 - Every 1% change in Bright Choice results in ~\$6.9MM change in revenues
 - Renewable 100 product maintained at a 0.25 cent premium to PG&E
 - Every 0.25 cent change in Renewable 100 results in ~\$5.0MM change in revenues
 - Rates and PCIA for 2025 are non-stressed, or as expected, energy rates from May ERRRA filing
- Uncollectables are estimated at 1.0% of sales through the fiscal year
- No planned recognition of GASB 62 existing revenue balance (\$42.5MM)
- Other Operating Revenue
 - Current fiscal year CARE/FERA credit is netted in Electricity Sales



Draft Budget: Overview of Operating Expenses

	June Updated BUDGET	% Cost
EXPENSES & OTHER USES		
Cost of Energy	760,248,000	90.2%
Cost of Energy Services	11,608,000	1.4%
Total Energy Operating Expenses	771,856,000	91.6%
Overhead Operating Expenses		
Personnel	26,592,000	3.2%
Marketing & Communications	6,168,000	0.7%
Legal, Policy, & Regulatory Affairs	4,104,000	0.5%
Other Professional Services	2,136,000	0.3%
General & Administrative	5,868,000	0.7%
Depreciation	399,000	0.0%
Total Overhead Operating Expenses	45,267,000	5.4%
TOTAL OPERATING EXPENSES	817,123,000	
NON-OPERATING EXPENSES		
Borrowing Interest	2,796,000	0.3%
Local Development Funding	22,400,000	2.7%
Total Capital Expenditures	100,000	0.0%
TOTAL NON-OPERATING EXPENSES	25,296,000	3.0%
TOTAL EXPENSES	842,419,000	

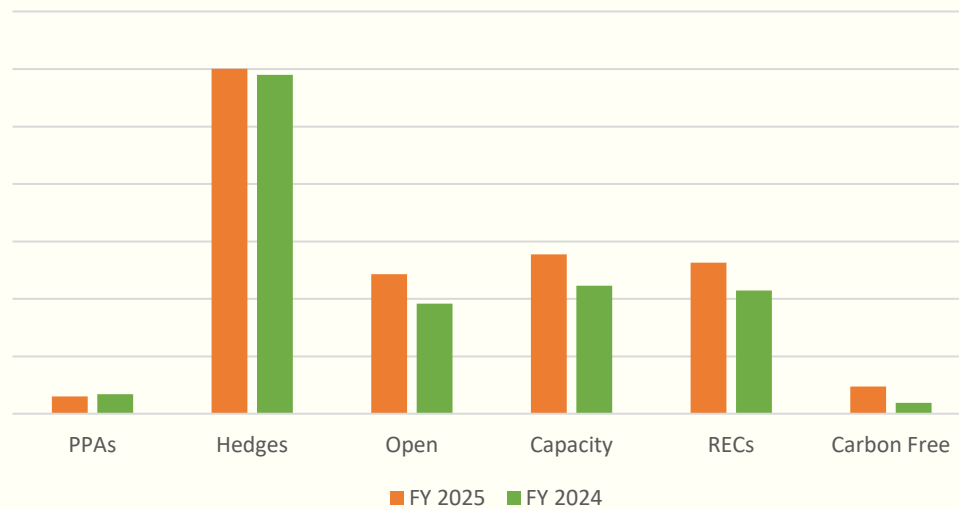
- Expenses are divided into three overall cost center categories:
- **Energy Operations** which includes all energy, energy attributes, and ancillary related costs and the services required to managing energy and attributes, such as scheduling, data management, and customer billing
 - This category comprises more than 90% of Ava's total expenses
- **Overhead Operations** which includes all personnel and staffing needs as well as work function cost centers required to manage the organization at large, and is about 5% of total expenses
- **Non-Operating Expenses** which are all capital and capital transfer related costs



Draft Budget: Energy Expenses

	June Updated BUDGET	May Draft BUDGET	FY 2024 BUDGET
EXPENSES & OTHER USES			
Cost of Energy	760,248,000	753,523,000	682,367,000
Cost of Energy Services	11,608,000	11,608,000	11,219,000
Total Energy Operating Expenses	771,856,000	765,131,000	693,586,000

FY 2025 Budget to FY 2024 Actuals by Cost Element



We are seeing upward pressure on renewable energy costs that is estimated could increase 2024 REC costs by ~\$20MM, which would be partially offset by PCIA reductions in 2025

Energy Costs

- Costs are derived from a blend of contracted and open positions for all energy, attributes, and RA
 - Open prices are non-stressed, or mean forecasted
 - FY 2025 overall price projections are about 10% higher than FY 2024 actuals on average
 - Material increases in RA, RECs, Carbon Free Energy, and market prices
- Carbon Free targets are above baseline targets by 10% in calendar year 2024 and 5% in 2025 to maintain 81% coverage
 - 2024: CF 71% → 81% (Board approved)
 - 2025: CF 76% → 81% (proposed)
 - Adds up to \$8.5MM in costs for FY 2025
- Note: We are still in a period of historically high prices with forecasted market energy ~2x the historical 10-year average and is expected to persist into future years



Carbon Free Procurement Schedule

Year	Bright Choice				CA-RPS %
	Renewable %	Carbon Free %	TCR*-Emission Factor	PSDR-Emission Factor	Renewable %
2018	41%	87%	101	n/a	29%
2019	60%	85%	135	n/a	31%
2020	40%	54%	n/a	580	33%
2021	41%	55%	n/a	577	36%
2022	45%	63%	n/a	566	39%
2023	49%	66%	n/a	521	41%
2024	52%	71%	n/a	455	44%
2025	56%	76%	n/a	387	47%
2026	60%	81%	n/a	315	49%
2027	64%	85%	n/a	241	52%
2028	67%	90%	n/a	163	55%
2029	71%	95%	n/a	83	57%
2030	75%	100%	n/a	-	60%

- April 2022, the Board approved the “Path to Zero by 2030” for the Bright Choice product as shown in the table to the left
 - Carbon Free percentages reflect renewable energy and large hydro energy
- June 2022, the Board approved 5% increases to the CF targets for calendar years 2022 and 2023 to 68% and 71%, respectively
- June 2023, the Board approved an additional 5% to CF targets for calendar year 2023 and a 10% increase for calendar year 2024 to 76% and 81% respectively
- This year, staff is proposing a 5% increase to CF targets for 2025 to 81%

Year	Path Target	2022		2023		2024	
		Increase	Updated Target	Increase	Updated Target	Increase	Updated Target
2022	63%	5%	68%	--	--	--	--
2023	66%	5%	71%	5%	76%	--	--
2024	71%	0%	71%	10%	81%	0%	81%
2025	76%	0%	76%	0%	76%	5%	81%
2026	81%	0%	81%	0%	81%	0%	81%



Draft Budget: Overhead Expenses

	June Updated BUDGET	FY 2024 BUDGET
EXPENSES & OTHER USES		
Overhead Operating Expenses		
Personnel	26,592,000	21,911,000
Marketing & Communications	6,168,000	5,303,000
Legal, Policy, & Regulatory Affairs	4,104,000	3,509,000
Other Professional Services	2,136,000	2,505,000
General & Administrative	5,868,000	5,711,000
Depreciation	399,000	360,000
Total Overhead Operating Expenses	45,267,000	39,299,000

Material Overhead Items for FY 24-25:

- Personnel costs are increasing due to adding 15 new positions to accommodate expanding operational needs
- Increase in Marketing costs are due to increases in advertising and required mailings for the inclusion of Stockton and Lathrop
 - Includes approx. \$1.6MM of programs related marketing costs
- Increases in Legal costs are due to additional volume of consulting/vendor agreements and new power contracts
- Additional staffing efforts have reduced consulting services costs
- G&A has no marked change
- Depreciation increases slightly with procurement of equipment and office components



Draft Budget: Personnel

	June Updated BUDGET	FY 2024 BUDGET
PERSONNEL		
Salaries & Wages	19,765,000	16,587,000
Retirement	2,450,000	2,058,000
Health Care/Benefits	3,961,000	2,913,000
Payroll Expenses	416,000	353,000
Total	26,592,000	21,911,000

- **FY 2023 Budget was set for 68 FTE to accommodate additional workflow in all areas.**
- **FY 2024 Budget was set for 15 additional FTE (83 total) to accommodate additional workflow in all areas with scaling operations**
- **FY 2025 Budget seeks to add an additional 15 FTE (98 total) to accommodate additional workflow in all areas. Additional headcount will expand on internal expertise, build more depth, and help scale operations further**
 - **FTE Count: 4 Local Development, 4 Power Resources, 2 Legal/Policy, 2 Marketing, 2 Finance, 1 HR**
 - **COLA: 3%**
 - **Promotions/Wage Adjustments: 2%**
 - **Merit-based Compensation: 13%**
- **Note: In 2023-2024, Ava adjusted compensation structure to standardize pay scales and create merit-based compensation as a way to reduce pay bias in salaries as a DEI initiative**



Draft Budget: New Personnel Assignments

- Finance is looking to fill two additional positions to facilitate additional accounting controls and keep up with structuring financing needs
- Human Resources needs additional support to facilitate the higher staffing needs
- Local Development is hiring staff to assist with the development of key programs scheduled for launch and growth this next fiscal year
- Marketing needs additional support for expanding outreach and advertising
- Power Resources is hiring to keep up with contracting and portfolio management as more longer-term contracts are established
- Public Policy & Legal are looking to provide more Board and committee support and stay informed on rapidly changing relevant policies

Title	Functional Area
1 Controller	Finance
2 Structured Finance Manager	Finance
3 HR Operations Manager	Human Resources
4 Contracts Manager	Local Development
5 DCFC Product Manager	Local Development
6 Project Manager	Local Development
7 Strategic Accounts and Product Designer	Local Development
8 Marketing Associate	Marketing
9 Outreach Coordinator	Marketing
10 Contract Manager	Power Resources
11 Contracts Analyst	Power Resources
12 RA Portfolio Analyst	Power Resources
13 Settlements Analyst	Power Resources
14 Assistant Board Clerk	Public Policy & Legal
15 Regulatory Analyst	Public Policy & Legal



Draft Budget: Non-Operating Activity

	June Updated BUDGET	FY 2024 BUDGET
NON-OPERATING ACTIVITY		
NON-OPERATING REVENUE		
Interest Income	11,400,000	1,680,000
Grants	350,000	0
Other Non-Operating Revenue	49,000	48,000
TOTAL NON-OPERATING REVENUE	11,799,000	1,728,000
NON-OPERATING EXPENSES		
Borrowing Interest	2,796,000	1,650,000
Local Development Funding	22,400,000	25,500,000
Total Capital Expenditures	100,000	500,000
TOTAL NON-OPERATING EXPENSES	25,296,000	27,650,000
NET NON-OPERATING POSITION	(13,497,000)	(25,922,000)

- **Non-Operational Revenue:**

- Interest earned is based on expected returns for the managed treasury accounts for reserve funds, currently estimated at 4.0% annual returns average through the fiscal year and interest earned on the BlocPower loan (5.5% on \$500k)
- Other revenue is rent from AT&T tower on new building
- Contributions from PPA's for workforce development grants are estimated \$350,000

- **Non-Operational Expenses:**

- Borrowing Interest are costs associated with Ava's credit facility held with US Bank
- Local Development Funding is a capital transfer to the Local Development Fund
- Minor capital expenditures for office related items such as furniture



Draft Budget: Local Development

	June Updated BUDGET	FY 2024 BUDGET
Critical Municipal Facilities	7,000,000	-
Health-e-Communities	5,000,000	5,000,000
DCFC Network	3,000,000	3,600,000
Ava e-Bike	2,000,000	2,000,000
Building Electrification	2,000,000	3,500,000
Community Grants	1,200,000	1,400,000
Vehicle Electrification	1,000,000	6,000,000
Legal Expense	500,000	-
Solar + Storage	500,000	2,000,000
Subscription	200,000	-
Demand Response	-	2,000,000
Total	22,400,000	25,500,000
Potential to S+S*	-	22,683,000
Estimated with Surplus	22,400,000	48,183,000

**Estimated amounts from surplus net revenues waterfall allocations*

Local Development

- Resilience:
 - \$7M - Resilient Critical Municipal Facility Microgrids
 - \$0.5M - Performance payments for Solar & Storage incentive Program
- Building Electrification
 - \$5M – Health-e Communities induction stove direct installation program
 - \$2M – Electrification incentive program
- Transportation Electrification
 - \$3M - Ongoing development of Public DC Fast charging network
 - \$2M - Ave e-Bike incentive Program
 - \$1M - EV managed charging Program
- Community Grants
 - \$1.2M - Community Grants
- Legal Expenses / Subscriptions - \$0.7M



Appendix



How Ava Works—Energy Delivery

- Ava sells energy directly to its customers by procuring energy through various market mechanisms and scheduling delivery into California Independent Service Operator (CAISO)
- Ava is not responsible for transmission or delivery of the commodity; this is a service retained by PG&E
- Per Ava's risk management policy, much of the expected load is procured and hedged in advance across energy, RECs, and Resource Adequacy
- Ava schedules its forecasted load with CAISO on a day-ahead basis and real-time basis
 - This is done regardless of the amount of energy hedges that Ava has procured
 - The CAISO is California's regional market balancing authority whose primary purpose is to keep the energy being pulled off the grid balanced by energy being put on the grid to prevent grid damage or area shortages



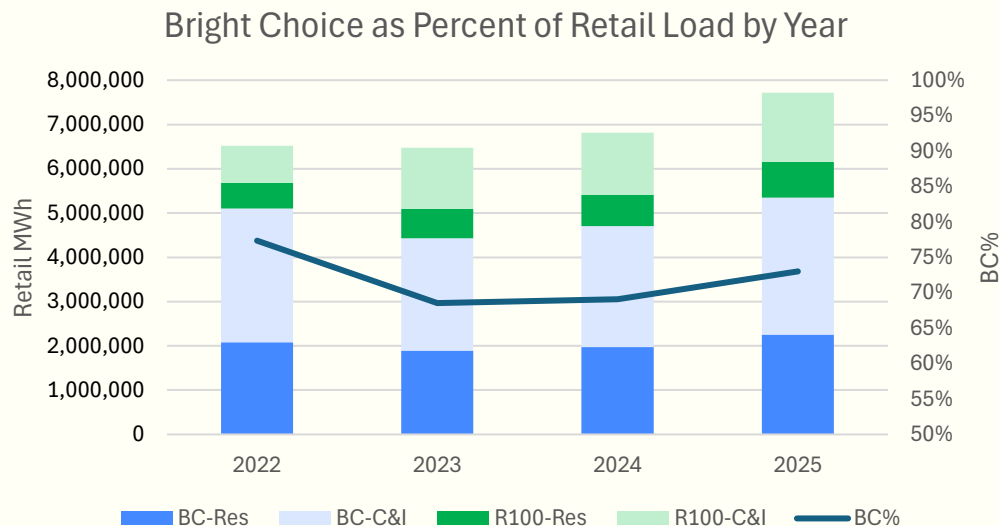
How Ava Works—Billing Cycle

- Revenues are made from sales of energy to customers based on generation rates that are indexed to PG&E cost of service rates as approved by the CPUC
- PG&E will read Ava customer meters to monitor consumption. These reads are then reported to Ava and its billing data manager
- The consumption data is processed to generate billing amounts based on Ava's rates and then sent back to PG&E, who then issues the bills and collects payments on Ava's behalf
- PG&E's bundled customers and unbundled (Ava) customers also pay a power charge indifference adjustment (PCIA) and minor system fees. These are collected by PG&E from customer revenues and retained prior to payment distribution to Ava.
 - Additionally, all PG&E bundled and unbundled customers are charged a Transmission & Distribution cost
- A billing cycle is typically about three months, meaning it takes about three months for Ava to receive payment from a customer's consumption
 - Consumption occurs in the first month
 - A bill is issued in the second month
 - Payment is due in the third month



How Ava Works—Product Rates

- Ava provides two energy products to customers and each product has a specific value proposition to Ava’s customers:
 - Renewable 100: 100% of the energy is from renewable resources
 - Originally set at \$0.01/kWh above PG&E and has migrated down as Ava financials improved
 - Currently priced at \$0.0025/kWh above PG&E rates
 - Bright Choice: Ava’s basic product and is currently 81% from carbon free resources
 - Originally set at 1.5% discount to PG&E, reduced to a 1% discount in 2021, and increased to a 3% discount in 2022
 - The latest adjustment was to a 5% discount to PG&E rates in 2023
- The current percent load of Bright Choice customers is ~70%



2025 distribution does not include opt-ups in discussion

At the current 2024 load distribution:

- 1% change in the Bright Choice value proposition results in a change of \$6.9MM
- 0.25 cent change in the Renewable 100 value proposition results in a change of \$5.0MM



Thank you!



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CAC Item C6

Staff Report Item 18

TO: Ava Community Energy Authority

FROM: Scott Harding, Power Resources Director of Originations

SUBJECT: Authorization of Chief Executive Officer to Negotiate and Execute Agreements for the Following Projects: **Longroad Rosemary Project Approval and Aypa Gabriel BESS Project Approval (Action)**

DATE: June 12, 2024

Recommendation

Adopt two Resolutions authorizing the Chief Executive Officer to negotiate and execute Agreements for the following projects:

- a. Rosemary Solar, LLC: 20-year, 70 mega-watt (“MW”) solar + 70 MW/280 mega-watt hour (“MWh”) storage contract for energy, environmental attributes, and resource adequacy (“RA”) from a facility in Fresno County, CA developed by Longroad Development Company, LLC (“Longroad Rosemary Project”). The Longroad Rosemary Project will be online on June 1, 2028.
- b. San Gabriel Project III LLC: 20-year, 100 MW solar + 100 MW/400 MWh storage contract for energy optimization and RA from a facility in Los Angeles County, CA developed by Aypa Power Development (“Aypa Gabriel BESS Project”). The Aypa Gabriel BESS Project will be online on June 1, 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.

The Longroad Rosemary Project is for the full output from the solar+storage facility. It will provide renewable energy, resource adequacy, renewable energy credits, and ancillary services. The full Longroad Rosemary Project is a 70 MW solar project paired with a 70 MW/280 MWh Lithium-Ion battery storage project located in Fresno County, CA. The agreement will contain a term that allows Ava to downsize the battery to be a 35 MW/140 MWh battery, if certain transmission improvements are delayed, which would delay the ability of the full 70 MW battery to come online in a timely manner. Ava will enter into a 20-year agreement with a planned commercial operation date of June 1, 2028, to be developed by Longroad Development Company, LLC.

The Aypa Gabriel BESS Project is an energy storage agreement which will provide energy arbitrage, resource adequacy, and ancillary services. The full Aypa Gabriel BESS Project development is a 400 MW/1600 MWh lithium-ion battery storage project located in Los Angeles County, CA. Ava will enter into a 20-year agreement for 100 MW/400 MWh of the project with a planned commercial operation date of June 1, 2027, to be developed by Aypa Power Development, LLC.

Attachments

- A. PowerPoint presentation
- B. Resolution Authorizing the CEO to Negotiate and Execute a Twenty-Year Renewable Energy and Battery Storage Agreement with Rosemary Solar, LLC
- C. Redacted draft of agreement with Rosemary Solar, LLC
- D. Resolution Authorizing the CEO to Negotiate and Execute a Twenty-Year Renewable Energy and Battery Storage Agreement with San Gabriel Project III LLC
- E. Redacted draft of agreement with San Gabriel Project III LLC



2023 Long-Term Resource RFO Negotiated Contracts: Overview & Update

June 12, 2024



Agenda

- Discussion of Projects Proposed for June Board Approval

Projects Proposed for Execution

Seeking approval for two contracts:

1. One power purchase agreement (PPA) with energy storage submitted into Ava and SJCE's joint 2023 Long-Term Resource RFO

- 20-year, 70 MW solar + 70 MW/280 MWh storage contract for energy, environmental attributes, and resource adequacy (RA) from a facility in Fresno County with Longroad Development Company, LLC. Project online on June 1, 2028.

2. One Energy Storage System Agreement (ESSA) submitted into Ava and SJCE's joint 2023 Long-Term Resource RFO

- 20-year, 100 MW/400 MWh storage contract for energy, and resource adequacy (RA) from a facility in Los Angeles County with Aypa Power Development, LLC. Project online on June 1, 2027.

Longroad Energy - Company Overview



- Longroad is led by former executives of First Wind Energy.
- Longroad was founded in 2016 and focuses primarily on the development and operation of utility-scale wind, solar, and battery energy storage projects throughout the United States.
- Since 2019, Longroad has brought eleven major projects to COD, including 1.9 GW of solar projects.
- Longroad is currently contracted to operate 3.5 GW of operating or under-construction solar and wind projects across the United States, of which Longroad owns 1.8 GW.
- Longroad has some experience with CCAs; owns and operates at least 1 executed contract with CCAs:
 - PPA with MCE that achieved COD in 2020

Longroad Energy Project Details



- Rosemary Solar + Storage
- Selected via the 2023 EBCE-SJCE Long-Term Resource RFO
- Contract for 70 MW of nameplate capacity including energy, environmental attributes, and Resource Adequacy and 70 MW/280 MWh battery storage
- Planned size of 70 MW with possibility of downsizing to 35MW of storage
- Facility in Fresno County
- Ava is the offtake for the entire project
- 20-year contract
- Expected Commercial Operation Date is June 1, 2028
- Committed toward paying prevailing wages and seeks union labor
- The contracting entity under Rosemary Solar, LLC.

Aypa Power - Company Overview

- Aypa Power is an Independent Power Producer whose leadership has decades of combined experience developing utility scale energy projects
- Aypa Power, a part of the Blackstone Portfolio since 2020, was founded in 2017 and focuses primarily on the development and operation of utility-scale battery energy storage and hybrid projects throughout North America
- Since 2018, Aypa has 32 projects totaling 15.3 GW in construction or in operation
- Aypa has 19 projects totaling more than 8 GW of installed capacity in operation with Aypa as 100% owner of the development subsidiaries
- Aypa's key project team has extensive experience in CAISO market development with over 2.8 GW of capacity in operations or with CODs in 2024.
- Aypa's balance sheet is backed by Blackstone, who has committed more than \$18 billion of energy focused equity investment

Aypa Power Project Details

- Aypa Gabriel Battery Energy Storage System (BESS – Stand alone)
- Selected via the 2023 EBCE-SJCE Long-Term Resource RFO
- Contract for 100 MW/400 MWh of nameplate capacity including energy arbitrage capability and RA
- Facility in Los Angeles County
- Total project size is 400 MW/1600 MWh
- 20-year contract
- Expected Commercial Operation Date is June 1, 2027
- Committed toward paying prevailing wages and seeks union labor
- The contracting entity is San Gabriel 1 LLC.



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 A TWENTY-YEAR RENEWABLE ENERGY AND BATTERY STORAGE AGREEMENT WITH ROSEMARY SOLAR, 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 a 2023 Long-Term Resources Request for Offers (“RFO”) in March 2023;

WHEREAS Rosemary Solar, LLC proposed a 70 mega-watt (“MW”) solar and 70 MW/280 mega-watt hour (“MWh”) storage project located in Fresno County, CA to be developed by Longroad Development Company, LLC (“Longroad Rosemary Project”);

WHEREAS the Longroad Rosemary Project’s battery storage may be downsized to 35 MW/140 MWh if specific contractual provisions are triggered;

WHEREAS the Longroad Rosemary Project is expected to be operational by June 1, 2028, and will provide renewable solar energy and associated environmental attributes, energy storage capability, and resource adequacy (“RA”) for the term of 20 years;

WHEREAS the Longroad Rosemary Project was evaluated against other offers received in the RFO.

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

Section 1. The CEO, in consultation with Ava staff and legal counsel, is hereby authorized to negotiate and execute an agreement with the contracting entity Rosemary Solar, LLC for the Longroad Rosemary Project.

ADOPTED AND APPROVED this 12th day of June, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

Ava Draft
30 May 2024

RENEWABLE POWER PURCHASE AGREEMENT

COVER SHEET

Seller: Rosemary Solar, LLC (“Seller”)

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

Description of Facility: A 70 MW solar photovoltaic project (the “Generating Facility”), and a battery energy storage facility as further described below (the “Storage Facility”), located in Fresno County, in the State of California, as further described in Exhibit A.

Milestones:

Milestone	Date for Completion
Evidence of Site Control	██████████
CEC Pre-Certification Obtained	██████████
Documentation of Conditional Use Permit if required	██████
Seller’s receipt of Phase I and Phase II Interconnection study results for Seller’s Interconnection Facilities	COMPLETE
Executed Interconnection Agreement	11/1/24
Procure Major Equipment	██████
Financial Close	██████
Expected Construction Start Date	██████
Full Capacity Deliverability Status or Interim Deliverability Status Obtained	██████
Initial Synchronization	██████
Network Upgrades required prior to Facility interconnection	██████
Network Upgrades required prior to FCDS	██████████
Expected Commercial Operation Date	6/1/28

Delivery Term: 20 Contract Years

Expected Energy:

Contract Year	Expected Energy (MWh)
1	██████████
2	██████████
3	██████████
4	██████████
5	██████████

Contract Year	Expected Energy (MWh)
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	

Guaranteed Capacity: 70 MW

Storage Contract Capacity: 70 MW, as may be adjusted pursuant to Section 2.5 and Section 5(b) of Exhibit B

Storage Contract Output: 280 MWh as may be adjusted pursuant to Section 2.5

Guaranteed Efficiency Rate:

Contract Year	Guaranteed Efficiency Rate
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	

13		
14		
15		
16		
17		
18		
19		
20		

Minimum Efficiency Rate: [REDACTED]

Contract Price

The Renewable Rate shall be:

Contract Year	Renewable Rate
1 – 20	[REDACTED]

The Storage Rate shall be:

Contract Year	Storage Rate
1 – 20	[REDACTED]

Product:

- Generating Facility Energy
- Green Attributes (Portfolio Content Category 1)
- Storage Capacity
- Capacity Attributes (select options below as applicable)
 - Energy Only Status
 - Full Capacity Deliverability Status or Interim Deliverability Status
 - Ancillary Services

Scheduling Coordinator: Buyer/Buyer Third Party

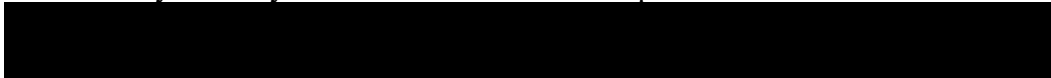


Development Security and Performance Security

Development Security: [REDACTED]

Performance Security: [REDACTED]

TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS	1
1.1 Contract Definitions.....	1
1.2 Rules of Interpretation	26
ARTICLE 2 TERM; CONDITIONS PRECEDENT.....	28
2.1 Contract Term.....	28
2.2 Conditions Precedent	28
2.3 Development; Construction; Progress Reports.....	29
2.4 Remedial Action Plan	29
2.5 [REDACTED]	[REDACTED]
2.6 [REDACTED]	[REDACTED]
ARTICLE 3 PURCHASE AND SALE.....	32
3.1 Purchase and Sale of Product.....	32
3.2 Sale of Green Attributes.....	33
3.3 Imbalance Energy.	33
3.4 Ownership of Renewable Energy Incentives.....	33
3.5 Future Environmental Attributes.	33
3.6 Test Energy.	34
3.7 Capacity Attributes.	34
3.8 Resource Adequacy Failure	35
3.9 CEC Certification and Verification	36
3.10 CPUC Mid-Term Reliability Requirements.	36
3.11 California Renewables Portfolio Standard.....	37
3.12 Change in Law and Compliance Expenditure Cap.	37
ARTICLE 4 OBLIGATIONS AND DELIVERIES.....	39
4.1 Delivery.....	39
4.2 Title and Risk of Loss.....	39
4.3 Forecasting.....	39
4.4 Dispatch Down/Curtailment.	41
4.5 Charging Energy Management	42
4.6 Reduction in Delivery Obligation.....	44
4.7 Guaranteed Energy Production.	45
4.8 Storage Availability and Efficiency.....	45
4.9 Storage Capacity Tests.....	45
4.10 Station Use.....	47
4.11 WREGIS	47
4.12 Interconnection Capacity	48
4.13 Green-E Certification.....	48
ARTICLE 5 TAXES	48
5.1 Allocation of Taxes and Charges.....	48
5.2 Cooperation.....	49
5.3 Ownership.....	49

ARTICLE 6 MAINTENANCE OF THE FACILITY	49
6.1 Maintenance of the Facility.	49
6.2 Maintenance of Health and Safety.....	49
6.3 Shared Facilities.....	49
6.4 Storage Operations and Maintenance.	50
ARTICLE 7 METERING	50
7.1 Metering.....	50
7.2 Meter Verification.....	51
ARTICLE 8 INVOICING AND PAYMENT; CREDIT	51
8.1 Invoicing.	51
8.2 Payment.....	52
8.3 Books and Records.	52
8.4 Invoice Adjustments.	52
8.5 Billing Disputes.	52
8.6 Netting of Payments.....	53
8.7 Seller’s Development Security.	53
8.8 Seller’s Performance Security.....	53
8.9 First Priority Security Interest in Cash or Cash Equivalent Collateral	54
8.10 	
8.11 	
ARTICLE 9 NOTICES	55
9.1 Addresses for the Delivery of Notices.....	55
9.2 Acceptable Means of Delivering Notice.....	55
ARTICLE 10 FORCE MAJEURE	55
10.1 Definition	55
10.2 Termination Following Force Majeure Event.....	56
10.3 Notice for Force Majeure.....	57
ARTICLE 11 DEFAULTS; REMEDIES; TERMINATION	57
11.1 Events of Default	57
11.2 Remedies; Declaration of Early Termination Date.....	60
11.3 Termination Payment.....	61
11.4 Notice of Payment of Termination Payment	61
11.5 Disputes With Respect to Termination Payment.....	62
11.6 Rights And Remedies Are Cumulative.....	62
11.7 	
ARTICLE 12 LIMITATION OF LIABILITY AND EXCLUSION OF WARRANTIES	62
12.1 No Consequential Damages.....	62
12.2 Waiver and Exclusion of Other Damages.....	62
ARTICLE 13 REPRESENTATIONS AND WARRANTIES; AUTHORITY	63

13.1	Seller’s Representations and Warranties.	63
13.2	Buyer’s Representations and Warranties.	64
13.3	General Covenants.	65
13.4	Prevailing Wage.	66
13.5	Workforce Development and Community Investment.	66
ARTICLE 14 ASSIGNMENT		66
14.1	General Prohibition on Assignments.	66
14.2	Collateral Assignment.	67
14.3	Permitted Assignment by Buyer.	69
ARTICLE 15 DISPUTE RESOLUTION		69
15.1	Governing Law.	69
15.2	Dispute Resolution.	70
ARTICLE 16 INDEMNIFICATION		70
16.1	Indemnification.	70
16.2	Notice of Claim.	70
16.3	Failure to Provide Notice.	71
16.4	Defense of Claims.	71
16.5	Subrogation of Rights.	71
16.6	Rights and Remedies are Cumulative.	71
ARTICLE 17 INSURANCE		71
17.1	Insurance.	71
ARTICLE 18 CONFIDENTIAL INFORMATION		73
18.1	Definition of Confidential Information.	73
18.2	Duty to Maintain Confidentiality.	73
18.3	Irreparable Injury; Remedies	74
18.4	Disclosure to Lenders, Etc.	74
18.5	Press Releases	74
ARTICLE 19 MISCELLANEOUS		74
19.1	Entire Agreement; Integration; Exhibits.	74
19.2	Amendments.	74
19.3	No Waiver.	75
19.4	No Agency, Partnership, Joint Venture or Lease.	75
19.5	Severability.	75
19.6	Mobile-Sierra.	75
19.7	Counterparts.	75
19.8	Electronic Delivery.	75
19.9	Binding Effect.	75
19.10	No Recourse to Members of Buyer.	75
19.11	Forward Contract	76
19.12	Further Assurances.	76

Exhibits:

Exhibit A	Facility Description
Exhibit B	Construction Start and Commercial Operation
Exhibit C	Compensation
Exhibit D	Scheduling Coordinator Responsibilities
Exhibit E	Progress Reporting Form
Exhibit F-1	Form of Average Expected Energy Report
Exhibit F-2	Form of Monthly Available Generating Capacity Report
Exhibit G	Guaranteed Energy Production Damages Calculation
Exhibit H	Form of Commercial Operation Date Certificate
Exhibit I	Form of Installed Capacity Certificate
Exhibit J	Form of Construction Start Date Certificate
Exhibit K	Form of Letter of Credit
Exhibit L	Form of Guaranty
Exhibit M	Form of Replacement RA Notice
Exhibit N	Notices
Exhibit O	Storage Capacity Tests
Exhibit P	Storage Availability
Exhibit Q	Operating Restrictions
Exhibit R	Metering Diagram
Exhibit S	Workforce Development and Community Investment
Exhibit T	Form of Limited Assignment Agreement

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 or otherwise control, 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:

“Accepted Compliance Costs” has the meaning set forth in Section 3.12(d).

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

“Administrative NQC Reduction” means a reduction in the maximum achievable Net Qualifying Capacity of the Facility due to a reduction that has been generally applied to resources materially similar to the Facility in terms of type, market and operational characteristics (including those characteristics specified in the CPUC Master Resource Database), including any methodology that incorporates fleet averages or other average outage rates.

“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”, “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 [REDACTED] 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 [REDACTED] 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.

“Alternating Current” or “AC” means alternating current.

“Ancillary Services” means all ancillary services, products and other attributes, if any, associated with the Facility.

“Approved Forecast Vendor” means (x) any of CAISO or (y) any other vendor reasonably acceptable to both Buyer and Seller for the purposes of providing or verifying the forecasts under Section 4.3(d).

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

“Available Energy” has the meaning set forth in Exhibit P.

“Available Energy Measured” 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 Power” has the meaning set forth in Exhibit P.

“Available Power Measured” has the meaning set forth in Exhibit P.

“Balancing Authority Area” or “BAA” has the meaning as set forth in the CAISO Tariff.

“Bankrupt” or “Bankruptcy” 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), I 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.

“Base Case ITC” means the ITC of [REDACTED] expected to be available in respect of the Facility under Current Tax Law plus to the extent the Facility procures domestic content as required under the IRA then an additional [REDACTED].

“Base Case PTC” means the PTC amount equal to [REDACTED] as adjusted for inflation pursuant to Section 45(b)(2) of the Code [REDACTED] [REDACTED], and as expected to be available in respect of the Generating Facility under Current Tax Law plus to the extent the Facility procures domestic content as required under the IRA then an additional [REDACTED].

“Bid” has the meaning as set forth in the CAISO Tariff.

“Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday in California. A Business Day begins at 8:00 AM and ends at 5:00 PM Pacific Prevailing Time (PPT) 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 all of the following:

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

(b) for the same time period as referenced in (a), the notice referenced in (a) results from the manner in which Buyer or the SC schedules or bids the Facility, Facility Energy or Ancillary Services, as applicable, including where the Buyer or the SC for the Facility:

(i) did not submit a Self-Schedule or an Energy Supply Bid for the MW subject to the reduction; or

(ii) submitted an Energy Supply Bid and the CAISO notice referenced in (a) is solely a result of CAISO implementing the Energy Supply Bid; or

(iii) submitted a Self-Schedule for less than the full amount of Facility Energy forecasted to be generated or discharged by or delivered from the Facility.

If the Facility is subject to a Planned Outage, Forced Facility Outage, Force Majeure Event 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 or stored due to such Planned Outage, Forced Facility Outage, Force Majeure Event or Curtailment Period.

“Buyer Curtailment Order” means (i) the instruction from Buyer to Seller to reduce Generating Facility Energy from the 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 or Curtailment Order or (ii) a reduction of Generating Facility Energy due to Buyer’s participation in the Ancillary Services market.

“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 Default; provided, that the duration of any Buyer Curtailment Period shall be inclusive of the time required for the Facility to ramp down and ramp up.

“Buyer Default” means a failure by Buyer (or its agents) to perform Buyer’s obligations hereunder, and includes an Event of Default of Buyer.

“Buyer’s WREGIS Account” has the meaning set forth in Section 4.11(a).

“CEQA” means the California Environmental Quality Act.

“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, more than [REDACTED] 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 [REDACTED] 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 and tax equity provider 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) or any assignee or transferee thereof shall be excluded from the total outstanding equity interests in Seller.

“Charging Energy” means the as-available Energy generated by the Generating Facility and/or Energy delivered from the grid (subject to Section 4.5(f)) and delivered to the Storage Facility pursuant to a Charging Notice, as measured at the Storage Facility Metering Point by the Storage Facility Meter, as such meter readings are adjusted by the CAISO for any applicable Electrical Losses and Station Use. All Charging Energy shall be used solely to charge the Storage Facility, except as provided in Section 4.10.

“Charging Notice” means the operating instruction, and any subsequent updates, given by Buyer’s SC or the CAISO to the Facility, directing the Storage Facility to charge at a specific MW rate for a specified period of time or amount of MWh, provided that any such operating instruction shall be in accordance with the Operating Restrictions. For the avoidance of doubt, (i) any Buyer request to initiate a Storage Capacity Test shall be considered a Charging Notice, and (ii) any Charging Notice shall not constitute a Buyer Bid Curtailment, Buyer Curtailment Order or Curtailment Order.

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

“COD Certificate” has the meaning set forth in Exhibit B.

“Commercial Operation” has the meaning set forth in Exhibit B.

“Commercial Operation Date” has the meaning set forth in Exhibit B.

“Commercial Operation Delay Damages” or “COD Delay Damages” means an amount equal to [REDACTED]

“Compliance Action” has the meaning set forth in Section 3.12(b).

“Compliance Expenditure Cap” has the meaning set forth in Section 3.12(b).

“Compliance Showing” means, for each Showing Month, the submission deadline for the (a) the Resource Adequacy Requirements compliance or advisory showings (or similar or successor showings), (b) if applicable, the Local RAR compliance or advisory showings (or similar or successor showings) and (c) if applicable, the Flexible RAR compliance or advisory showings (or similar successor showings), that Buyer is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO), pursuant to the Resource Adequacy Rulings, to the CAISO pursuant to the CAISO Tariff, or to any Governmental Authority having jurisdiction.

“Compliance Showing Deadline” means, for each Showing Month, the Compliance Showing plan submission due date for such Showing Month. For illustrative purposes only, as of the Effective Date, the applicable Compliance Showing plan submission due dates are as follows: (A) forty-five (45) days prior to the Showing Month covered by the Supply Plan for the monthly Supply Plan; and (B) the last Business Day of October that is prior to commencement of the year for the annual Supply Plan, such dates may be modified by the CAISO from time to time throughout the Delivery Period.

“Confidential Information” has the meaning set forth in Section 18.1.

“Construction Delay Damages” means an amount equal to [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. To be clear, the Contract Price is each of the Renewable Rate and the Storage Rate.

“Contract Term” has the meaning set forth in Section 2.1(a).

¹ This daily rate is equal to the Development Security divided by 90.
² This daily rate is equal to the Development Security divided by 120.

“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 Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace the Agreement; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with terminating the 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.

“CPUC System RA Penalty” means the Tier 1 System RA Penalties assessed against LSEs by the CPUC for RA deficiencies that are not replaced or cured, as established in the Resource Adequacy Rulings and subsequently incorporated into the annual “Filing Guide for System, Local and Flexible Resource Adequacy Compliance Filings” that is issued by the CPUC Energy Division, which is expected to be updated annually, or any replacement or successor documentation established by the CPUC Energy Division to reflect RA penalties that are established by the CPUC and assessed against LSEs for RA deficiencies.

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

“Current Tax Law” means the United States Internal Revenue Code of 1986 as of the Effective Date.

“Curtailment Cap” is the yearly quantity per Contract Year, in MWh, equal to [REDACTED]

“Curtailment Order” means any of the following:

(a) CAISO orders, directs, alerts, or provides notice to a Party, including a CAISO Operating Order, to curtail deliveries of Facility Energy for the following reasons: (i) any System Emergency, or (ii) any warning of an anticipated System Emergency, or warning of an imminent condition or situation, which jeopardizes CAISO’s electric system integrity or the integrity of other systems to which CAISO is connected;

(b) a curtailment ordered by the Participating Transmission Owner for reasons including, but not limited to, (i) any situation that affects normal function of the electric system

including, but not limited to, any abnormal condition that requires action to prevent circumstances such as equipment damage, loss of load, or abnormal voltage conditions, or (ii) any warning, forecast or anticipation of conditions or situations that jeopardize the Participating Transmission Owner's electric system integrity or the integrity of other systems to which the Participating Transmission Owner is connected;

(c) a curtailment ordered by CAISO or the Participating Transmission Owner due to scheduled or unscheduled maintenance on the Participating Transmission Owner's transmission facilities that prevents (i) Buyer from receiving or (ii) Seller from delivering Facility Energy to the Delivery Point; or

(d) a curtailment in accordance with Seller's obligations under its Interconnection Agreement with the Participating Transmission Owner or distribution operator.

"Curtailment Period" means the period of time, as measured using current Settlement Intervals, during which generation from the Facility is reduced pursuant to a Curtailment Order; provided that the Curtailment Period shall be inclusive of the time required for the Facility to ramp down and ramp up.

"Cycle Equivalent(s)" means a quantity of Discharging Energy (in MWh) equal to the Storage Contract Output. A combination of Partial Cycles with total MWh of Discharging Energy equal to the Storage Contract Output is also one (1) Cycle Equivalent.

"Damage Payment" means the dollar amount that equals the amount of the Development Security.

"Day-Ahead Forecast" has the meaning set forth in Section 4.3(c).

"Day-Ahead Market" has the meaning set forth in the CAISO Tariff.

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

"Deemed Delivered Energy" means the amount of Generating Facility 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 Curtailment Period, less the amount of Generating Facility Energy delivered to the Storage Facility or the Delivery Point during the Buyer Curtailment Period (or other relevant period); *provided* that, if the applicable difference is negative, the Deemed Delivered Energy shall be zero (0). 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 each hour 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) a Force Majeure Event as provided in Section 4.6(d), and (ii) 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 4.11(e).

“Delivered RA” means for each hour of the Relevant Day in the applicable Showing Month the sum of (a) the Net Qualifying Capacity of the Facility for such month 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” shall mean the period of Contract Years set forth on the Cover Sheet beginning on the Commercial Operation Date, unless terminated earlier in accordance with the terms and conditions of this Agreement.

“Development Cure Period” has the meaning set forth in Exhibit B.

“Development Security” means [REDACTED]

“Discharging Energy” means all Energy delivered to the Delivery Point from the Storage Facility, as measured at the Storage Facility Metering Point by the Storage Facility Meter, as such metering reading is adjusted by the CAISO 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 Restrictions and the CAISO Tariff, and (b) if, during a period when the Storage Facility is instructed by Buyer’s SC or the CAISO to discharge, the sum of Generating Facility Energy and Discharging Energy 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 does not exceed the Interconnection Capacity Limit, until such time as Buyer’s SC or the CAISO issues a further modified Discharging Notice. For the avoidance of doubt, any instruction to discharge the Storage Facility pursuant to a Storage Capacity Test shall be considered a Discharging Notice, and any Discharging Notice shall not constitute a Buyer Bid Curtailment, Buyer Curtailment Order or Curtailment Order.

“Disclosing Party” has the meaning set forth in Section 18.2.

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

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

“Efficiency Rate” has the meaning set forth in Exhibit O.

“Electrical Losses” means, subject to meeting any applicable CAISO requirements and in accordance with Section 7.1, all transmission or transformation losses (a) between the Generating Facility Metering Point and the Delivery Point associated with delivery of Generating Facility Energy, (b) between the Storage Facility Metering Point and the Delivery Point associated with delivery of Discharging Energy, (c) as applicable, between the Generating Facility and the Storage Facility Metering Point associated with delivery of Charging Energy, and (d) of Energy within the Storage Facility’s energy storage equipment. If any amounts included within the definitions of “Electrical Losses” and “Station Use” hereunder are duplicative, then for all relevant calculations hereunder it is intended that such amounts not be double counted or otherwise duplicated.

“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” means alternating current electrical energy measured in MWh.

“Energy In” has the meaning set forth in Exhibit O.

“Energy Management Software” has the meaning set forth in Exhibit A.

“Energy Out” has the meaning set forth in Exhibit O.

“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 MWh” has the meaning set forth in Exhibit C.

“Excused Event Hours” has the meaning set forth in Exhibit P.

“Executed Interconnection Agreement Milestone” means the date for completion of execution of the Interconnection Agreement by Seller or Affiliate of Seller 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 quantity of Generating Facility Energy (assuming no Charging Energy or Discharging Energy) specified on the Cover Sheet, which amount shall be adjusted proportionately to the reduction from Guaranteed Capacity to Installed Generating Capacity pursuant to Section 5(a) of Exhibit B, if applicable.

[REDACTED]

“Facility” means the Generating Facility and the Storage Facility.

“Facility Energy” means the sum of Generating Facility Energy and Discharging Energy during any Settlement Interval or Settlement Period.

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

“Financial Close” means Seller and/or one of its Affiliates has obtained debt and/or equity financing commitments from one or more Lenders sufficient to construct the Facility, including such financing commitments from Seller’s owner(s).

“Financing Milestone” means the date set forth on the Cover Sheet for Seller to demonstrate the Facility’s eligibility for the ITC.

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

“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 or any outage on the Transmission System that prevents Seller from generating Energy or making Facility Energy available at the Delivery Point and that is not the result of a Force Majeure Event.

“Forecasting Penalty” means for each hour in which Seller does not provide the forecast required in Section 4.3(d) and Buyer incurs a loss or penalty resulting from its scheduling activities in such hour with respect to Facility Energy, the product of (A) the absolute difference (if any) between (i) the expected Energy for such hour (which, for the avoidance of doubt, assumes no Charging Energy or Discharging Energy in such hour) set forth in the Monthly Delivery Forecast, and (ii) the actual Energy produced by the Generating Facility (absent any Charging Energy and Discharging Energy), multiplied by (B) the absolute value of the Real-Time Price in such hour.

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

“Full Capacity Deliverability Status Finding” means a written confirmation from the CAISO that the Facility is eligible for Full Capacity Deliverability Status.

“Full TPD Allocation” has the meaning set forth in Section 2.5(d).

“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 in the future, to the generation of electrical energy by the

Facility. 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 the 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, which economic benefit (if any) shall be deemed the gain (if any) to such Non-Defaulting Party represented by, (a) if Buyer is the Non-Defaulting Party, the positive difference between the present value of the payments required to be made by Buyer during the remaining Contract Term of this Agreement and the present value of the payments that would be required to be made by Buyer under any transaction(s) replacing this Agreement and (b) if Seller is the Non-Defaulting Party, the positive difference between 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 and the present value of the payments required to be made to Seller during the remaining Contract Term of this Agreement. Factors used in determining the economic benefit to a Party may include reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including 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., NP-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 renewable energy electricity 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 Generating Facility Energy to (i) to the Delivery Point, and (ii) to the Storage Facility as Charging Energy; provided, that the “Generating Facility” does not include the Storage Facility or the Shared Facilities, Network Upgrades or any Interconnection Facilities except Seller’s Interconnection Facilities.

“Generating Facility Energy” means all Energy that is delivered from the Generating Facility, net of Station Use and subpart (a) of the definition of Electrical Losses, measured at the Generating Facility Metering Point by the Generating Facility Meter.

“Generating Facility Meter” means the CAISO-approved revenue quality meter or meters (with a 0.3 accuracy class), 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 to the Generating Facility Metering Point for the purpose of invoicing in accordance with Section 8.1. For clarity, the Generating Facility may contain multiple measurement devices that will make up the Generating Facility Meter, and, unless otherwise indicated, references to the Generating Facility Meter shall mean all such measurement devices and the aggregated data of all such measurement devices, taken together.

“Generating Facility Metering Point” means the location or locations of the Generating Facility Meter shown on Exhibit R.

“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; *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 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 (SOx), nitrogen oxides (NOx), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere; (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 Facility Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Facility, (ii) production 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, (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. If the Facility is a biomass or landfill gas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Facility.

“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 amount of generating capacity of the Generating Facility, as measured in MW at the Delivery Point, set forth on the Cover Sheet, as the same may be adjusted from time to time pursuant to Section 5(a) of Exhibit B.

“Guaranteed Commercial Operation Date” means the Expected Commercial Operation Date, as such date may be extended pursuant to Exhibit B.

“Guaranteed Construction Start Date” means the Expected Construction Start Date, as such date may be extended pursuant to Exhibit B.

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

“Guaranteed Energy Production” means an amount of Energy, as measured in MWh, equal to the total aggregate Expected Energy for the applicable Performance Measurement Period multiplied by [REDACTED]

“Guaranteed RA Amount” means the Qualifying Capacity *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(a).

“Guarantor” means, with respect to Seller, any Person that (a) is an Affiliate of Seller, or other third party reasonably acceptable to Buyer, (b) has a Credit Rating of [REDACTED] or better from S&P or a Credit Rating of [REDACTED] or better from Moody’s or has a tangible net worth of [REDACTED] (c) is incorporated or organized in a jurisdiction of the United States and is in good standing in such jurisdiction, and (d) executes and delivers a Guaranty for the benefit of Buyer.

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

“Hour” has the meaning set forth in Exhibit P.

“Imbalance Energy” means the amount of Energy in MWh, in any given Settlement Period or Settlement Interval, by which the amount of Facility Energy deviates from the amount of Scheduled Energy.

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

“Initial Synchronization” means the initial delivery of Facility Energy to the Delivery Point.

“Installed Battery Capacity” means the maximum dependable operating capability of the Storage Facility to discharge Energy at the Storage Facility Meter and adjusted for Electrical Losses to 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 (x) the Installed Generating Capacity and (y) the Installed Battery Capacity.

“Installed Generating Capacity” means the actual generating capacity of the Generating Facility, 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. For the avoidance of doubt, if generating equipment installed at the Generating Facility could theoretically generate more than the Guaranteed Capacity at the Delivery Point, the Installed Generating Capacity shall equal the Guaranteed Capacity because the Generating Facility will be operated to not exceed the Interconnection Capacity Limit.

“Interconnection Agreement” means the interconnection agreement or agreements entered into by Seller or an Affiliate of Seller 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 Capacity Limit” means the maximum instantaneous amount of Energy that is permitted to be delivered by the Facility to the Delivery Point under Seller’s Interconnection Agreement, in the amount of 70 MW.

“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.

“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 [REDACTED] or higher by S&P or [REDACTED] or higher by Moody’s.

“ITC” means the investment tax credit established pursuant to Section 48 of the United States Internal Revenue Code of 1986, or any successor U.S. federal tax credits based on investment in electrical energy generating or storage facilities.

“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.

“Lender” means, collectively, any Person (i) providing credit support, senior or subordinated construction, interim, back leverage or long-term debt, working capital, equity or tax equity financing or refinancing for 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), equity (including 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 equity or tax equity investor directly or indirectly providing financing or refinancing for the Facility or purchasing equity ownership interests of Seller and/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, and/or (iii) participating in a lease financing (including a sale leaseback 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 a Credit Rating of at least ■ with an outlook designation of “stable” from S&P or ■ 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 or Arizona, or as otherwise reasonably acceptable to Buyer.

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

“Local RAR” means the local resource adequacy requirements established for load serving entities by the CPUC pursuant to the Resource Adequacy Rulings, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction.

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

“Losses” means, with respect to the 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 Party may include reference to information supplied by one or more third parties, which shall exclude Affiliates of the Non-Defaulting Party, including 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., NP-15), all of which should be calculated for the remaining Contract Term and must include the value of Green Attributes, Capacity Attributes, and, in the case of Seller as the Non-Defaulting Party, the value of any Renewable Energy Incentives and Tax Credits, determined on an after-tax basis.

“Lost Output” means the amount of Generating Facility Energy that Seller could reasonably have delivered to Buyer but was prevented from delivering to Buyer by reason of any Force Majeure Events, Curtailment Period, System Emergency, or Buyer Default.

“Major Subcontractors” means any first-tier subcontractor of Seller with which Seller has an agreement having an aggregate value in excess of [REDACTED] for performance of any part of the work at the Site.

[REDACTED]

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

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

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

“Meter Service Agreement” has the meaning set forth in the CAISO Tariff.

“Milestones” means the development activities for significant permitting, interconnection, financing and construction milestones set forth on the Cover Sheet.

“Minimum Efficiency Rate” means the percentage specified 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 successor.

“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 Real-Time Market LMP at the Facility’s PNode is less than [REDACTED]

“Negative LMP Costs” has the meaning set forth in Exhibit C.

“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 CAISO Tariff.

“New Benefit Legislation” means (i) any newly enacted federal, state, and/or local legislation, as applicable after the Effective Date, or (ii) any new guidance provided by an applicable Government Authority relating to Current Tax Law that, in the case of either (i) or (ii) above, provides for Seller Tax Credit Benefits.

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

“Notice” shall, unless otherwise specified in the Agreement, mean written communications by a Party to be delivered by email.

“Notice of Claim” has the meaning set forth in Section 16.2(a).

“Notification Deadline” means fifteen (15) Business Days before the Compliance Showing Deadline.

“NP-15” means the Existing Zone Generation Trading Hub for Existing Zone region NP15 as set forth in the CAISO Tariff.

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

“Pacific Prevailing Time” means the prevailing standard time or daylight savings time, as applicable, in the Pacific time zone.

“Partial Cycle” means a quantity of Discharging Energy (in MWh) that is less than one hundred percent (100%) of the Storage Contract Output.

“Partial TPD Allocation” has the meaning set forth in Section 2.5(c).

“Participating Generator Agreement” has the meaning set forth in the CAISO Tariff.

“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 period consisting of two (2) consecutive rolling Contract Years.

“Performance Security” means [REDACTED]

“Permitted Transferee” means (i) any Affiliate of Seller or (ii) any entity that has, or is controlled by another Person that satisfies the following requirements:

(a) A tangible net worth of not less than [REDACTED] or a Credit Rating of at least [REDACTED] from S&P, [REDACTED] from Fitch, or [REDACTED] from Moody’s; and

(b) Either (i) has at least [REDACTED] experience in the ownership and operations of power generation facilities, (ii) has at least [REDACTED] experience in the ownership and operations of storage facilities similar to the Storage Facility, or renewable energy generating facilities and dedicated battery energy storage facilities similar to the Facility, or (iii) has retained a third-party with such operations experience to operate the Facility.

“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.

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

“PNode” has the meaning set forth in the CAISO Tariff.

“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.

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

“Property Tax Exclusion” means the exclusion from the definition of “newly constructed” as used in subdivision (a) of Section 2 of Article XIII A of the California Constitution for “active solar energy systems” presently codified under Section 73 of the California Revenue and Taxation Code, and set to expire on January 1, 2027, as it may be amended from time to time, or any similar exemption or exclusion from real property taxes that pertains to the Facility.

“Prudent Operating Practice” means (a) the applicable practices, methods and acts required by or consistent with applicable Laws and reliability criteria, and otherwise engaged in or approved by a significant portion of the electric power industry during the relevant time period with respect

to grid-interconnected, utility-scale generating facilities with integrated energy 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 desired result at a reasonable cost consistent with good business practices, 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 energy storage in the Western United States. Prudent Operating Practice includes compliance with applicable Laws, applicable reliability criteria, and the applicable 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.

“PTC” means the production tax credit established pursuant to Section 45 of the United States Internal Revenue Code of 1986, or any successor U.S. federal tax credits based on Energy production.

“PTC Amount” means, (i) during any time period when the Generating Facility is eligible for PTCs and Seller (or Seller’s owners or Affiliates, if Seller is a pass-through entity for tax purposes) is eligible for and receives PTCs in connection with the operation of the Generating Facility, the amount, on a dollar per MWh basis, equal to the Base Case PTC that Seller would have earned in respect of Generating Facility Energy at the time but excluding adders for domestic content or energy community under the IRA, divided by (100% minus the then-highest marginal combined federal and state corporate income tax rate), but failed to earn as a result of Buyer Bid Curtailment or Buyer Curtailment Order, and (ii) during any time period in which the Generating Facility is not eligible for the PTC, [REDACTED]

[REDACTED]

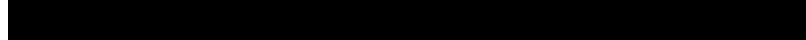
“Qualifying Capacity” has the meaning set forth in the CAISO Tariff.

“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 Guarantee Date” means the date that is sixty (60) days after Commercial Operation Date.

“RA Shortfall Amount” shall be determined by first, calculating the difference of the [REDACTED]

[REDACTED]

 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 commencing after the RA Guarantee Date 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.

“Receiving Party” has the meaning set forth in Section 18.2.

“Recurring Certificate Transfers” has the meaning set forth in Section 4.11(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 federal, state, or local Tax credits or other Tax benefits associated with the construction, ownership, or production of electricity from the Facility (including credits under Sections 38, 45, 46 and 48 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 incentive 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 Green Attributes” means Renewable Energy Credits that are Portfolio Content Category 1 and were generated by a California RPS-eligible generating resource that does not produce emissions.

“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, to the extent applicable to the Facility.

“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 ID” has the meaning set forth in the CAISO Tariff.

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

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

“Scheduled Energy” means the Facility 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.

“Security Interest” has the meaning set forth in Section 8.9.

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

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

“Seller Pre-COD Liability Cap” has the meaning set forth in Section 11.7.

“Seller Tax Credit Benefits” means the value of any ITC or PTC or other tax benefit resulting from New Benefit Legislation available to the Facility in excess of the Base Case ITC or Base Case PTC, as applicable, but only to the extent that such excess value actually inures to the benefit of Seller (or any of its Affiliates or financing parties).

“Seller’s Interconnection Facilities” means the Interconnector’s Interconnection Facilities as set forth in the Interconnection Agreement.

“Seller’s WREGIS Account” has the meaning set forth in Section 4.11(a).

“Settlement Amount” means the Non-Defaulting Party’s Costs and Losses, on the one hand, netted against its Gains, on the other. If the Non-Defaulting Party’s Costs and Losses exceed its Gains, then the Settlement Amount shall be an amount owing to the Non-Defaulting Party. If the Non-Defaulting Party’s Gains exceed its Costs and Losses, then the Settlement Amount shall be [REDACTED]. The Settlement Amount does not include consequential, incidental, punitive, exemplary, or indirect or business interruption damages unless such damages are part of a Party’s Gains, Losses or Costs as those terms are explicitly defined herein.

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

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

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

“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, and as shall be updated by Seller at the time Seller provides an executed Construction Start Date certificate in the form of Exhibit J to Buyer.

“Site Control” means that, as of the date set forth on the Cover Sheet for Site Control, Seller (or, prior to the Delivery Term, its Affiliate): (a) owns or has the option to purchase the Site; (b) is the lessee or has the option to lease the Site; or (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.

“Station Use” means:

(a) any and all Energy that is used within the Facility to power electrical loads that are necessary for operation of the Facility, including information technology, telecommunications, lights, motors, cooling and other thermal management equipment, control systems including battery management systems, and inverters, except “Station Use” does not include any Energy used for the foregoing during periods in which the Storage Facility is charging or discharging pursuant to a Charging Notice or Discharging Notice; and

(b) The Energy produced or discharged by the Facility that is consumed within the Facility’s electric energy distribution system as losses.

“Storage Capacity” means (a) the maximum dependable operating capability of the Storage Facility to discharge 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 Contract Term that the Storage Facility is able to provide as the Facility is configured on the Commercial Operation Date and that relate to the maximum dependable operating capability of the Storage Facility to discharge Energy as the same shall be determined pursuant to Section 4.9 and Exhibit O to reflect the results of the most recently performed Storage Capacity Test, in either case (a) or (b) up to but not in excess of the Storage Contract Capacity as set forth in Section 4.9(d).

“Storage Capacity Test” or “SCT” means any test or retest of the 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 capacity (in MW) of the Storage Facility initially equal to the amount set forth on the Cover Sheet, as the same may be reduced pursuant to Section 2.5 and/or Section 5(b) of Exhibit B.

“Storage Contract Output” means the product of the Storage Contract Capacity multiplied by four (4) hours, represented in MWh, initially equal to the amount set forth on the Cover Sheet.

“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 the Energy Management Software and mechanical equipment and associated facilities and equipment required to deliver Storage Product (but excluding any Interconnection Facilities (other than Seller’s Interconnection Facility), Network Upgrades and Shared 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), 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 delivered to the Storage Facility Metering Point and the amount of Discharging Energy discharged from the Storage Facility at the Storage Facility Metering Points to the Delivery Point for the purpose of invoicing in accordance with Section 8.1. For clarity, the Facility will contain multiple measurement devices that will make up the Storage Facility Meter, and, unless otherwise indicated,

references to the Storage Facility Meter shall mean all such measurement devices and the aggregated data of all such measurement devices, taken together.

“Storage Facility Metering Point” means the location or locations of the Storage Facility Meter shown on Exhibit R.

“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 Energy in the Storage Facility available to be discharged as Discharging Energy, expressed in MWh.

“Supplementary Storage Capacity Test Protocol” has the meaning set forth in Part II.I of Exhibit O.

“System Emergency” means (x) 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) preserve Transmission System reliability, or (y) a “System Emergency” or any equivalent term, as defined by CAISO or by the PTO.

“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 a Governmental Authority, whether currently in effect or adopted during the Contract Term, 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 the PTC, ITC and any other state, local or federal production tax credit, depreciation benefit, tax deduction or investment tax credit specific to the production of renewable energy or investments in renewable energy facilities.

“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 Facility Energy delivered (a) commencing on the later of (i) the first date that the CAISO informs Seller in writing that Seller may deliver 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.

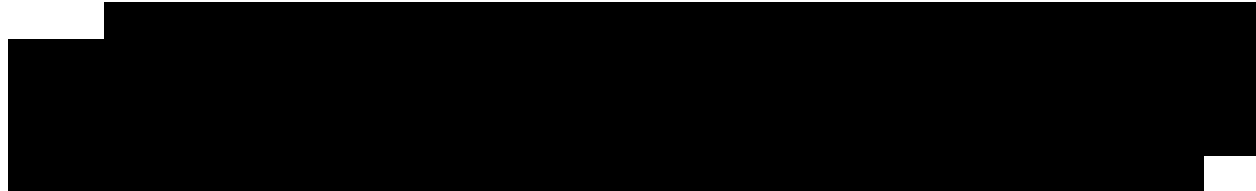
“TPD” has the meaning set forth in Section 2.5(a).

“TPD Allocation Study” means the study results from CAISO that support its TPD Finding in the TPD allocation process.

“TPD Date Notice” has the meaning set forth in Section 2.5(d).

“TPD Finding” has the meaning set forth in Section 2.5(b).

“TPD Finding Notice” has the meaning set forth in Section 2.5(b).



“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 CAISO or the PTO, now or hereafter in existence, which provide energy transmission service downstream from the Delivery Point.

“Ultimate Parent” means [REDACTED]

“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 4.11(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 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 terms “include” and “including” or similar words shall be deemed to be followed by the words means “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) the expression “and/or” when used as a conjunction shall connote “any or all of”;

(l) 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;

(m) “or” is not necessarily exclusive; and

(n) 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 shall remain in full force and effect for two (2) years following the termination of this Agreement and all indemnity and audit rights shall remain in full force and effect for five (5) years following the termination of this Agreement.

2.2 Conditions Precedent. The Delivery Term shall not commence until Seller completes each of the following conditions:

(a) Seller has delivered to Buyer (i) a 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 Capacity on the Commercial Operation Date;

(b) A 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;

(c) An Interconnection Agreement between Seller or an Affiliate of Seller and the PTO shall have been executed and delivered and are in full force and effect and a copy of the Interconnection Agreement delivered to Buyer;

(d) A copy of the CAISO’s Full Capacity Deliverability Status Finding demonstrating that the Facility has Full Capacity Deliverability Status in an amount not less than the Storage Contract Capacity has been delivered to Buyer [REDACTED]

(e) 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;

(f) All applicable regulatory authorizations, approvals and permits for operation of the Facility have been obtained (or if not obtained, applied for and reasonably expected to be received within ninety (90) days) and all conditions thereof that are capable of being satisfied on the Commercial Operation Date have been satisfied 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;

(g) Seller has received CEC Precertification of the Facility (and reasonably expects to receive final CEC Certification and Verification for the Facility in no more than one hundred eighty (180) days from the Commercial Operation Date);

(h) Seller (with the reasonable participation of Buyer) shall have completed all applicable WREGIS registration requirements, including 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 Facility within the WREGIS system;

(i) Seller has delivered the Performance Security to Buyer in accordance with Section 8.8; and

(j) Seller has paid Buyer for all amounts owing under this Agreement, 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 Construction Start Date, and (ii) each calendar month from the first calendar month following the Construction Start Date until the Commercial Operation Date, Seller shall provide to Buyer a Progress Report and agree to regularly scheduled telephonic or video-conferenced meetings (unless otherwise agreed to by the Parties) between representatives of Buyer and Seller to review such quarterly or monthly reports and discuss Seller's construction progress. Details regarding the form and content of the Progress Report are set forth in Exhibit E. 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 by Seller. For the avoidance of doubt, 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.** If Seller misses three (3) or more Milestones, or misses any one (1) by more than [REDACTED], except as the result of Force Majeure Event, Buyer Default or Event of Default, Seller shall submit to Buyer, within ten (10) Business Days of such missed Milestone completion date, a remedial action plan ("Remedial Action Plan"), which will describe in detail any delays (actual or anticipated) beyond the scheduled Milestone dates, including the cause of the delay (e.g., governmental approvals, financing, property acquisition, design activities, equipment procurement, project construction, interconnection, or any other factor), Seller's detailed description of its proposed course of action to achieve the missed Milestones and all subsequent Milestones by the date sixty (60) days after the Guaranteed Commercial Operation Date (including any extension thereof); provided, that delivery of any Remedial Action Plan shall not relieve Seller of its obligation to provide Remedial Action Plans

with respect to any subsequent Milestones and to achieve the Guaranteed Commercial Operation Date in accordance with the terms of this Agreement. [REDACTED]

2.5 [REDACTED].

(a) [REDACTED]

(i) [REDACTED]

(ii) [REDACTED]

(iii) [REDACTED]

(b) [REDACTED]

(c) [REDACTED]

[Redacted]

(d)

[Redacted]

(i)

[Redacted]

(ii)

[Redacted]

(iii)

[Redacted]

[REDACTED]

(iv)

[REDACTED]

2.6

[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 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 the Product produced by or associated with the Facility. At its sole discretion but subject to Section 5.2, Buyer may during the Delivery Term re-sell or use for another purpose all or a portion of the Product, provided that no such re-sale or use shall relieve Buyer of any obligations hereunder. During the Delivery Term, Buyer will have exclusive rights to offer, bid, or otherwise submit the Product, or any Capacity Attributes thereof, from the Facility after the Delivery Point for resale in the market, and retain and receive any and all related revenues. Subject to Buyer's obligation to purchase Capacity Attributes and Storage Product in accordance with this Section 3.1 and Exhibit C, Buyer has no obligation to purchase from Seller any 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 from Seller, all Green Attributes attributable to the Generating Facility Energy.

3.3 **Imbalance Energy.** Buyer and Seller recognize that in any given Settlement Period the amount of Facility Energy may deviate from the amount of Energy scheduled with the CAISO. To the extent there are such deviations, any costs or revenues from such imbalances shall be allocated to the Buyer.

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 Sections 3.5(b) and 3.12, in such event, Buyer shall bear all costs 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 alter the Facility or the operation of the Facility to reduce Generating Facility Energy or to operate the Storage Facility inconsistent with the Operating Restrictions unless the Parties have agreed on all necessary terms and conditions relating to such alteration or changes in operation and Buyer has agreed to reimburse Seller for all costs, losses, and liabilities associated with such alteration or changes in operation, if any.

(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; *provided*, that the Parties acknowledge and agree that such terms are not intended to alter the other material terms of this Agreement.

3.6 **Test Energy.** If and to the extent the Facility generates Test Energy, Seller shall sell and Buyer shall purchase from Seller all Test Energy and any associated Products on an as-available basis. As compensation for such Test Energy and any associated Products, [REDACTED]

[REDACTED] For the avoidance of doubt, the conditions precedent in Section 2.2 are not applicable to the Parties' obligations under this Section 3.6.

3.7 **Capacity Attributes.**

(a) Prior to the Delivery Term, Seller shall either obtain Full Capacity Deliverability Status or, if Full Capacity Deliverability Status is not available, Interim Deliverability Status with the CAISO pursuant to the CAISO's New Resource Implementation process (as defined in the CAISO Tariff) in the amount not less than [REDACTED] of the Storage Contract Capacity. If Seller is not able to obtain Full Capacity Deliverability Status, Seller shall remain obligated to continue to use commercially reasonable efforts to obtain Full Capacity Deliverability Status until the earlier of the end of the Delivery Term or the termination of this Agreement. As between Buyer and Seller, Seller shall be responsible for all costs associated with satisfying the requirements of this Section 3.7(a). If, notwithstanding Seller's commercially reasonable efforts, Seller does not obtain Full Capacity Deliverability Status but obtains Interim Deliverability Status with the CAISO pursuant to the CAISO's New Resource Implementation process (as defined in the CAISO Tariff) in the amount less than [REDACTED] of the Storage Contract Capacity prior to the Guaranteed Commercial Operation Date, then Parties will meet and confer in good faith to discuss modifications to this Agreement to enable Seller to (1) provide alternative Products to Buyer at no additional cost, such that in combination with Delivered RA, the total amount of Net Qualifying Capacity provided by Seller otherwise satisfies Seller's obligation under this Agreement, including qualifying for the mid-term reliability requirements specified by the CPUC equal to at least [REDACTED] of the Storage Contract Capacity for so long as the Interim Deliverability Status is less than [REDACTED] of the Storage Contract Capacity, and (2) achieve the Commercial Operation Date; provided, that neither Party shall be obligated to agree to such modifications except in its sole discretion.

(b) Seller shall maintain throughout the Delivery Term, either Full Capacity Deliverability Status for the Facility in the amount not less than the Storage Contract Capacity or Interim Deliverability Status for the Facility in the amount of at least [REDACTED] of the Storage Contract Capacity.

(c) Throughout the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all the Capacity Attributes from the Facility.

(d) Throughout the Delivery Term, Seller hereby covenants and agrees to transfer all Resource Adequacy Benefits to Buyer.

(e) For the duration of the Delivery Term, Seller shall take all reasonable actions, including complying with all applicable registration and reporting requirements, and execute 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.

(f) 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.

(g) 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 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.

(h) 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.

(i) 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.

(j) Notwithstanding anything to the contrary in this Agreement, Seller shall be excused from the failure to deliver Capacity Attributes and Resource Adequacy Benefits during any Force Majeure Event that results in Seller's inability, despite the use of commercially reasonable efforts, to deliver Generating Facility Energy to the Delivery Point.

3.8 **Resource Adequacy Failure.**

(a) RA Deficiency Determination. For each RA Shortfall Month, Seller shall pay to Buyer the RA Deficiency Amount as liquidated damages, in each case, as the sole remedy for the Capacity Attributes Seller failed to convey to Buyer.

(b) RA Deficiency Amount Calculation. Commencing on the RA Guarantee Date, for each RA Shortfall Month, Seller shall pay to Buyer an amount (the "RA Deficiency

Amount”) equal to the product of (i) the RA Shortfall Amount, and (ii) the sum of (A) the CPUC System RA Penalty and (B) the CPM Soft Offer Cap; provided, however, if the RA Shortfall Amount is due to either the Facility not having either Full Capacity Deliverability Status, or Interim Deliverability Status in an amount equal to at least [REDACTED] of the Storage Contract Capacity, the RA Deficiency Amount shall not be less than the product of (A) the RA Shortfall Amount and (B) the Storage Rate.

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 Facility throughout the Delivery Term, 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 changes to the information included in Seller’s application for CEC Certification and Verification for the 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 (“D.”) 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 D.21-06-035 demonstrating that the Facility satisfies the foregoing requirements.

3.11 **California Renewables Portfolio Standard.**

(a) 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. The term "commercially reasonable efforts" as used in this Section 3.11 means efforts consistent with and subject to Section 3.12. [STC 6].

(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) 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].

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 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; provided that Seller shall have no obligation to modify this Agreement, or take other actions not required under this Agreement, if such modifications or actions would materially adversely affect, or could reasonably be expected to have or result in a material adverse effect on, any of Seller's rights, benefits, risks and/or obligations under this Agreement.

(b) If a change in Laws occurring after the Effective Date has increased Seller's known or reasonably expected costs to comply with Seller's obligations under this Agreement with respect to (i) obtaining, maintaining, conveying or effectuating Buyer's use of (as applicable) any Product pursuant to Sections 3.5, 3.7, 3.9, 3.11, 4.3(g), 4.4(d), 4.11, and 4.13 or (ii) the type or amount of Green Attributes or Capacity Attributes that Seller is required to deliver to Buyer (any action required to be taken by Seller to comply with such change in Law, a "Compliance Action"), then the Parties agree that the maximum aggregate amount of costs and expenses Seller shall be required to bear during the Delivery Term to comply with all of such obligations shall be capped at [REDACTED] of Guaranteed Capacity in aggregate over the Contract Term (the "Compliance Expenditure Cap").

(c) If Seller reasonably anticipates the need to incur out-of-pocket expenses in excess of the Compliance Expenditure Cap in order to take any Compliance Action, Seller shall provide Notice to Buyer of such anticipated out-of-pocket expenses.

(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 of the costs that exceed the Compliance Expenditure Cap (such Buyer-agreed upon costs (including lost production, if any), the "Accepted Compliance Costs"), or (2) waive Seller's obligation to take such Compliance Actions. If Buyer does not respond to a Notice given by Seller under this Section 3.12 within sixty (60) days after Buyer's receipt of same, Buyer shall be deemed to have waived its rights to require Seller to take the Compliance Actions for the Compliance Action(s) described in the Notice and Seller shall have no further obligation to take, and no liability for any failure to take, the Compliance Actions that are the subject of the Notice for the remainder of the Contract Term.

(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 to effect the Compliance Actions. Under no circumstances shall Seller be obligated to expend more than the Accepted Compliance Costs. When the Compliance Actions are completed, if the Seller's actual costs are less than the Accepted Compliance Costs, Seller shall refund the excess to Buyer.

Any change in the value of any attributes provided by Seller to Buyer resulting from any change in Law shall not affect the Contract Price or Buyer's obligation to pay Seller for any attributes delivered.

ARTICLE 4 OBLIGATIONS AND DELIVERIES

4.1 Delivery.

(a) Energy. Subject to the provisions of this Agreement, commencing on the Commercial Operation Date through the end of the Contract Term, Seller shall supply and deliver the 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 Facility Energy will be scheduled to 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 the Generating Facility Energy, shall pass and transfer from Seller to Buyer at the Generating Facility Meter. Risk of loss related to the Generating Facility Energy will remain with Seller until it is delivered to Buyer at the Delivery Point. Title to Discharging Energy and risk of loss related to the 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 shall pass and transfer from Seller to Buyer upon the transfer of such Green Attributes in accordance with WREGIS. Seller shall cooperate reasonably with Buyer, at Buyer's expense, in order for Buyer to register, hold, and manage such Green Attributes in Buyer's own name and to Buyer's accounts.

4.3 Forecasting. Seller shall provide the forecasts described below at its sole expense and in a format 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 beginning of Commercial Operation, 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 Generating Facility 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 with a non-binding forecast of (i) Available Generating Capacity and (ii) Storage Capacity and (iii) hourly expected Energy, in each case, for each hour of the immediately succeeding day ("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. These Day-Ahead Forecasts shall be sent to Buyer's on-duty Scheduling Coordinator. If Seller fails to provide Buyer with a Day-Ahead Forecast as required herein for any period, then for such unscheduled delivery period only Buyer 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 of any changes from the Day-Ahead Forecast of one (1) MW or more in (i) Available Generating Capacity or (ii) Storage Capacity or (iii) hourly expected Generating Facility Energy, in each case, whether due to Forced Facility Outage, Force Majeure Event 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 Generating Facility 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. With respect to any Forced Facility Outage, Seller shall use best efforts to

notify Buyer of such outage within ten (10) minutes of the commencement of the Forced Facility Outage. Seller shall inform Buyer of any developments that will affect either the duration of such outage or the availability of the Facility during or after the end of such outage. These Real-Time Forecasts shall be communicated in a method acceptable to Buyer; provided that Buyer 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.

(e) Forced Facility Outages. Notwithstanding anything to the contrary herein, Seller shall promptly notify Buyer's on-duty Scheduling Coordinator of Forced Facility Outages and Seller shall keep Buyer 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. Subject to a Force Majeure Event, in the event Seller does not in a given hour provide the forecast required in Section 4.3(d) and Buyer incurs a loss or penalty resulting from its scheduling activities with respect to Facility 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. Subject to the limitations expressly set forth in Section 3.12, 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, Buyer's SC, 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 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 solely in the case of a Buyer Curtailment Order, 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 and, solely in the case of a Buyer Curtailment Order, to the extent inconsistent with a written directive or order from CAISO or the PTO; and further provided that, if permitted by the CAISO Tariff, Buyer shall use commercially reasonable efforts to cause all Energy that would be curtailed from the Generating Facility to be used as Charging Energy.

(b) Buyer Curtailment. Buyer shall have the right to order Seller to curtail deliveries of Facility Energy through Buyer Curtailment Orders, provided that Buyer shall pay Seller for all Deemed Delivered Energy associated with a Buyer Curtailment Period in excess of the Curtailment Cap at the Renewable Rate and, if applicable, the PTC Amount, in accordance with Exhibit C.

(c) Failure to Comply. If Seller fails to comply with a Buyer Curtailment Order or Buyer Bid Curtailment, in each case subject to Section 4.4(a), then, for each MWh of Facility Energy that is delivered by the Facility to the Delivery Point in contradiction to the Buyer

Curtailed Order or Buyer Bid Curtailed, Seller shall pay Buyer for each such MWh at an amount equal to the sum of (A) + (B) + (C), where: (A) is the amount, if any, paid to Seller by Buyer for delivery of such excess MWh (excluding any excess MWh delivered to reasonably comply with the limitation of the Facility set out in the Operating Restrictions) and, (B) is the sum, for all Settlement Intervals with a Negative LMP during the Buyer Curtailed Period, of the absolute value of the product of such excess MWh in each Settlement Interval and the Negative LMP for such Settlement Interval (excluding any excess MWh delivered to reasonably comply with the limitation of the Facility set out in the Operating Restrictions), and (C) is any penalties assessed by the CAISO or other charges assessed by the CAISO resulting from Seller's failure to comply with the Buyer Curtailed Order or Buyer Bid Curtailed. In addition, if Seller fails to comply with a Curtailed Order, Charging Notice from CAISO or Discharging Notice from CAISO (notwithstanding Section 4.4(a)), Seller shall pay Buyer for any penalties assessed by the CAISO or other charges assessed by the CAISO resulting from Seller's failure to comply with such CAISO directive.

(d) Seller Equipment Required for Curtailed 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 directed by the Buyer in accordance with this Agreement or a Governmental Authority, including to implement a Buyer Curtailed Order, Buyer Bid Curtailed or Curtailed 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 Curtailed Order, Buyer Bid Curtailed or Curtailed 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 Curtailed Order, Buyer Bid Curtailed or Curtailed 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) Generally. Upon receipt of a valid Charging Notice, Seller shall take any and all action necessary to deliver the Charging Energy from the Generating Facility or the grid to the Storage Facility in order to deliver the Storage Product in accordance with the terms of this Agreement, including maintenance, repair or replacement of equipment in Seller's possession or control used to deliver the Charging Energy from the Generating Facility or the grid to the Storage Facility. Except as expressly set forth in this Agreement, including Section 4.5(c) and Section 4.9(b), Buyer shall be responsible for paying all CAISO costs and charges associated with charging of the Storage Facility.

(b) Charging Notices. Buyer will have the right 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 the requirements and limitations set forth in this Agreement, including the Operating

Restrictions and the provisions of Section 4.5(a). Seller shall comply with all Charging Notices, subject to the requirements and limitations set forth in this Agreement. Each Charging Notice issued in accordance with this Agreement will be effective unless and until such Charging Notice is modified with an updated Charging Notice (including as automatically updated in accordance with the definition of Charging Notice).

(c) No Unauthorized Charging. Seller shall not charge the Storage Facility during the Contract Term other than pursuant to a valid Charging Notice, or in connection with a Storage Capacity Test, or pursuant to a notice from CAISO, the PTO, Transmission Provider, or any other Governmental Authority. Subject to Seller's obligations to comply with the CAISO Tariff and CAISO directives, including Curtailment Orders, Charging Notices from CAISO and Discharging Notices from CAISO, Seller may provide notice to Buyer or Buyer's SC that it must adjust a Charging Notice from Buyer to the extent necessary to maintain compliance with the Operating Restrictions and upon Buyer's receipt of such notice, a Charging Notice from Buyer will be deemed to have been adjusted as provided in such notice. If, during the Contract Term, Seller (i) charges the Storage Facility to a Stored Energy Level greater than the Stored Energy Level provided for in the Charging Notice or (ii) charges the Storage Facility in violation of the first two sentences of this Section 4.5(c) or (iii) charges the Storage Facility on its own initiative, then (x) Seller shall be responsible for all Energy costs associated with such charging of the Storage Facility, (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 discharge such Energy and entitled to all of the benefits (including Storage Product) associated with such discharge.

(d) Discharging Notices. Buyer will have the right 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 Restrictions. Seller shall comply with all Discharging Notices, subject to the requirements and limitations set forth in this Agreement. Each Discharging Notice issued in accordance with this Agreement will be effective unless and until Buyer modifies such Discharging Notice by providing Seller with an updated Discharging Notice.

(e) No Unauthorized Discharging. Seller shall not discharge the Facility during the Delivery Term other than pursuant to a valid Discharging Notice, or in connection with a Storage Capacity Test, or pursuant to a notice from CAISO, the PTO, Transmission Provider, or any other Governmental Authority. Seller may provide notice to Buyer or Buyer's SC that it must adjust a Discharging Notice to the extent necessary to maintain compliance with the Operating Restrictions and upon Buyer's receipt of such notice, a Discharging Notice from Buyer will be deemed to have been adjusted as provided in such notice. If, during the Contract Term, Seller (i) discharges the Storage Facility other than as provided for in the Discharging Notice or (ii) discharges the Storage Facility in violation of the first two sentences of this Section 4.5(e), then (x) Seller shall be responsible for all Energy costs associated with such discharging of the Storage Facility, (y) Buyer shall not be required to pay for the discharging of such Energy (i.e., Discharging Energy), and (z) Buyer shall be entitled to all of the benefits (including Storage Product) associated with such discharge. If at any time the sum of the Generating Facility Energy and the Discharging Energy would exceed the Interconnection Capacity Limit, the applicable

Discharging Notice shall be deemed to be modified to reduce the amount of Discharging Energy so that the total Facility Energy does not exceed the Interconnection Capacity Limit.

(f) Grid Charging. 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. If Buyer elects to provide Charging Energy from a source other than the Generating Facility, including grid Energy, Buyer will be responsible for all costs relating to the charging of the Storage Facility from a source other than the Generating Facility, including the cost of Energy used to charge the Storage Facility.

(g) The Storage Facility is able to provide the Ancillary Services available in CAISO markets subject to the Operating Restrictions, the Interconnection Agreement and the Interconnection Capacity Limit. Seller will dispatch the Storage Facility in response to signals from Buyer or Buyer's Scheduling Coordinator, subject to the Operating Restrictions, Interconnection Agreement and the Interconnection Capacity Limit.

(h) Curtailments. Notwithstanding anything in this Agreement to the contrary, during any Settlement Interval, Curtailment Orders, Buyer Curtailment Orders, and Buyer Bid Curtailments 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 Curtailment Order, Buyer Curtailment Order, Buyer Bid Curtailment or other instruction or direction from a Governmental Authority or the PTO or the Transmission Provider. Buyer's SC shall have the right, but not the obligation, to provide Seller with updated Charging Notices and Discharging Notices during any Buyer Curtailment Order, Buyer Bid Curtailment or Curtailment Order consistent with the Operating Restrictions; provided that, if permitted by CAISO Tariff, Buyer shall use commercially reasonable efforts to cause all Energy that would be curtailed from the Generating Facility to be used as Charging Energy.

(i)



4.6 Reduction in Delivery Obligation. For the avoidance of doubt, and in no way limiting Section 3.1 or Exhibit G:

(a) Facility Maintenance. Subject to providing Buyer one-hundred twenty (120) days prior Notice, Seller shall be permitted to reduce deliveries of Product during any period of scheduled maintenance on the Facility, provided that, between June 1st and September 30th of

any calendar year, Seller shall not schedule non-emergency maintenance that reduces the generating capacity or storage capability of the Facility by more than [REDACTED] unless (i) such outage is required to avoid damage to the Facility, (ii) such maintenance is necessary to maintain equipment warranties and cannot be scheduled outside the months of June through September, (iii) such outage is required in accordance with Prudent Operating Practice, or (iv) the Parties agree otherwise in writing (a “Planned Outage”).

(b) Forced Facility Outage. Seller shall be permitted to reduce deliveries of Product during any Forced Facility Outage. Seller shall provide Buyer with Notice and expected duration (if known) of any Forced Facility Outage in accordance with Sections 4.3(d) and (e).

(c) System Emergencies and other Interconnection Events. Seller shall be permitted to reduce deliveries of Product during any period of System Emergency, Buyer Curtailment Period or Curtailment Order pursuant to the terms of this Agreement, the Interconnection Agreement, the CAISO Tariff or applicable PTO 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 as necessary to maintain health and safety pursuant to Section 6.2.

4.7 **Guaranteed Energy Production**. Seller shall achieve 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 and Efficiency**. During the Delivery Term, the Storage Facility shall maintain a Monthly Storage Availability during each month of no less than [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).

(c) During the Delivery Term, the Storage Facility shall maintain an Efficiency Rate of no less than the Guaranteed Efficiency Rate. If the Efficiency Rate during any month is less than the Guaranteed Efficiency Rate, the amount owed by Buyer in the applicable monthly invoice shall be reduced by the liquidated damages determined in accordance with part (g) of Exhibit C.

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 retests of the Storage Capacity Test in accordance with Exhibit O.

(b) Buyer shall have the right to send one or more representative(s) to witness all Storage Capacity Tests. Alternatively, to the extent that any Storage Capacity Tests are done remotely, and no representatives are needed on Site, Seller shall arrange for both Parties to have access to all data and other information arising out of such tests. Buyer shall be responsible for all costs, expenses and fees payable or reimbursable to its representative(s) witnessing any Storage Capacity Test. For any Storage Capacity Tests initiated by Seller, [REDACTED]

[REDACTED] For any Storage Capacity Tests initiated by Buyer, Buyer shall (x) pay Seller the Renewable Rate for associated Charging Energy, (y) be liable for all CAISO costs and charges for associated Charging Energy, and (z) be entitled to any CAISO revenues associated with associated Discharging Energy. No Charging Notices or Discharging Notices shall be issued during any Storage Capacity Test except as reasonably requested by Seller or Buyer to implement the applicable test. Buyer shall (i) comply with all reasonable and notified Seller health and safety policies and procedures and instructions while present at the Site, and (ii) shall conduct itself in a manner that will not unreasonably interfere with the operation of the Facility or other activities of Seller and its subcontractors on the Site. Buyer acknowledges that it will be escorted at all times while on the Site.

(c) Following each Storage Capacity Test, Seller shall submit a testing report in accordance with Exhibit O. If the actual capacity or efficiency rate determined pursuant to a Storage Capacity Test varies from the then current Storage Capacity and/or Efficiency Rate, as applicable, then the actual capacity and/or efficiency rate, as applicable, determined pursuant to a Storage Capacity Test (not to exceed the Storage Contract Capacity) shall become the new Storage 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.

(d) It is acknowledged that Seller shall have the right and option in its sole discretion to install Facility capacity in excess of the Storage Contract Capacity; *provided*, for all purposes of this Agreement the amount of Installed Battery Capacity and Storage Capacity shall never be deemed to exceed the Storage Contract Capacity, and (for the avoidance of doubt) (i) Buyer shall have no rights to instruct Seller to (A) charge or discharge the Facility at an instantaneous rate (in MW) in excess of the lesser of the Storage Contract Capacity or the Storage Capacity or (B) charge the Facility to a level (in MWh) in excess of the lesser of the Storage Contract Capacity or Storage Capacity times four (4) hours, (ii) Buyer shall have no obligation to dispatch such excess capacity on behalf of Seller, or to make payment to Seller for such excess capacity, (iii) Seller shall not attempt to dispatch such excess Facility capacity to any third party (including CAISO) unless Seller installs and maintains separate metering and a separate resource ID for such excess capacity, and is able to deliver such excess capacity without use of the Dedicated Interconnection Capacity, and (iv) for purposes of calculating the Monthly Storage Availability of the Facility, the unavailability of such excess capacity will not be considered in such calculations.

4.10 **Station Use.** Seller will be responsible for procuring and paying for all necessary retail electricity required to provide Station Use for the Facility.

4.11 **WREGIS.** Seller shall, at its sole expense, take all actions and execute all documents or instruments necessary to ensure that all WREGIS Certificates associated with all Renewable Energy Credits corresponding to the 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. Seller shall be deemed to have satisfied the warranty in Section 3.11(c), provided that Seller fulfills its obligations under Sections 4.11(a) through (f) below. In addition:

(a) Prior to the Commercial Operation Date, Seller shall register the 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 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.

(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.

(d) Due to the fourteen (14) day delay in the creation of WREGIS Certificates relative to the timing of invoice payment under Section 8.2, Buyer shall make an invoice payment for a given month 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 4.11. 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" means any deficit or shortfall in WREGIS Certificates delivered to Buyer for a calendar month as compared to the Generating Facility Energy that qualifies for, or would have qualified but for Seller's error or omission inconsistent with its requirements hereunder, for a WREGIS Certificate for the same calendar month ("Deficient Month") caused by an error or omission of Seller. To the extent that California law does not provide WREGIS Certificates for Energy generated by the Generating Facility and used as

Charging Energy or for Station Use, this shall not be a WREGIS Certificate Deficit. If any WREGIS Certificate Deficit is caused, or the result of any action or inaction by Seller, then the amount of Generating Facility Energy in the Deficient Month shall be reduced by the amount of the WREGIS Certificate Deficit for purposes of calculating Buyer's payment to Seller under Article 8 and damages, if any, under Exhibit G for the applicable Contract Year; provided, however, that such adjustment shall not apply to the extent that Seller resolves the WREGIS Certificate Deficit within ninety (90) days after the Deficient Month. Without limiting Seller's obligations under this Section 4.11, if a WREGIS Certificate Deficit is caused solely by an error or omission of WREGIS, the Parties shall cooperate in good faith to cause WREGIS to correct its error or omission.

(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 4.11 after the Effective Date, the Parties promptly shall modify this Section 4.11 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.

4.12 **Interconnection Capacity**. Seller shall have and maintain interconnection capacity under the Interconnection Agreement available or allocable to the Facility in a quantity that is no less than the Guaranteed Capacity that enables the Facility to interconnect with the PTO and fulfill its obligations under this Agreement during the Test Energy period and throughout the Delivery Term (the "Dedicated Interconnection Capacity"). Seller shall be responsible for all costs of interconnecting the Facility to the Transmission System.

4.13 **Green-E Certification**. Upon request of Buyer, Seller shall submit a Green-e® Energy Tracking Attestation Form ("Attestation") for Product delivered under this Agreement to the Center for Resource Solutions ("CRS") at <https://www.tfaforms.com/4652008> or its successor. The Attestation shall be submitted in accordance with the requirements of CRS and shall be submitted within thirty (30) days of Buyer's request or the last day of the month in which the applicable Facility Energy was generated, whichever is later.

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 time and place contemplated under this Agreement. 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 time and place contemplated under this Agreement (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.

5.3 **Ownership.** Seller shall be the owner of the Facility for federal income tax purposes and, as such, Seller (or its Affiliates or Lenders) shall be entitled to all depreciation deductions associated with the Facility and to any and all Tax Credits or other tax benefits associated with the Facility, including any such tax credits or tax benefits under the Code and all Renewable Energy Incentives. The Parties intend this Agreement to be a “service contract” within the meaning of Section 7701(e)(3) of the Code. The Parties will not take the position on any tax return or in any other filings suggesting that it is anything other than a purchase of the Product from the Seller or that this agreement is anything other than a “service contract” within the meaning of Section 7701(e)(3) of the Code.

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, the generation and sale of Product, and the disposal and recycling of any equipment associated with the Facility, including without limitation batteries, and solar panels. 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 discretionary 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, or (iii) the Parties otherwise mutually agree.

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 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 or Discharging Energy to Buyer.

6.3 **Shared Facilities.** The Parties acknowledge and agree that certain of the Interconnection Facilities, Seller’s rights and obligations under the Interconnection Agreement and

Seller's rights and obligations under transmission service agreements with a Transmission Provider, may be subject to certain shared facilities and/or co-tenancy agreements ("Shared Facilities Agreements") to be entered into among two or more of Seller, the Participating Transmission Owner, Seller's Affiliates, and/or third parties pursuant to which certain Interconnection Facilities, interconnection service and/or transmission service may be subject to joint ownership and/or shared maintenance and operation arrangements; *provided* that such Shared Facilities Agreements (i) shall permit Seller to perform or satisfy, and shall not purport to limit, its obligations hereunder, including providing the Dedicated Interconnection Capacity equal to the Interconnection Capacity Limit, (ii) continue to provide for separate metering and a separate Resource ID for each of the Generating Facility and the Storage Facility, and (iii) shall not allow any Affiliate of Seller or third party to use the Dedicated Interconnection Capacity if such use would have an adverse impact on Buyer's dispatch rights of the Facility. Seller shall hold Buyer harmless from any penalties, imbalance energy charges, or other costs or losses from CAISO or under the Agreement resulting from a third party's use of the Dedicated Interconnection Capacity.

6.4 **Storage Operations and Maintenance.**

(a) Buyer shall at all times during the Delivery Term retain operational control of the Storage Facility and be responsible for dispatching and coordinating charging of the Storage Facility consistent with the terms and conditions of this Agreement.

(b) Seller shall at all times retain all other aspects of operation and maintenance of the Storage Facility in accordance with Prudent Operating Practices and applicable Law and adhering to all operational data, interconnection and telemetry requirements applicable to the Storage Facility.

ARTICLE 7 METERING

7.1 **Metering.**

(a) Subject to Section 7.1(b) (with respect to the entirety of the following Section 7.1(a)), unless the Parties agree otherwise, the Facility shall have a separate Resource ID for each of the Generating Facility and the Storage Facility, Seller shall measure the amount of Generating Facility Energy using the Generating Facility Meter. Seller shall measure the Charging Energy and the Discharging Energy using the Storage Facility Meter. All meters will be operated pursuant to applicable CAISO-approved calculation methodologies and maintained at Seller's cost. Subject to meeting any applicable CAISO requirements, the Generating Facility Meter and Storage Facility Meter 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. 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 Generating Facility Meter and Storage Facility 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, or Buyer's Scheduling Coordinator, 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.

(b) Section 7.1(a) is based on the Parties' mutual understanding as of the Effective Date that (i) the CAISO requires the configuration of the Facility to include, as the sole meters for the Facility, the Generating Facility Meter and the Storage Facility Meter, (ii) the CAISO requires the Generating Facility Meter and the Storage Facility Meter to be programmed for Electrical Losses as set forth in the definition of Electrical Losses in this Agreement, and (iii) the automatic adjustments to Charging Notices and Discharging Notices as set forth in the definitions of Charging Notice and Discharging Notice in this Agreement will not result in Seller violating, or incurring any costs, penalties or charges under, the CAISO Tariff. If any of the foregoing mutual understandings in (i), (ii), or (iii) between the Parties is or becomes incorrect during the Delivery Term, the Parties shall cooperate in good faith to make any amendments and modifications to the Facility and this Agreement as are reasonably necessary to conform this Agreement to the CAISO Tariff and avoid, to the maximum extent practicable, any CAISO charges, costs or penalties that may be imposed on either Party due to non-conformance with the CAISO Tariff, such agreement not to be unreasonably delayed, conditioned or withheld.

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 subject to the terms and conditions of Section 4.9(b). 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 within ten (10) days after the end of the prior monthly delivery period. Each invoice shall (a) include 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 Facility Energy, Generating Facility Energy, Charging Energy, Discharging Energy, and Replacement RA delivered to Buyer (if any), the calculation of Deemed Delivered Energy and Adjusted Energy Production, the LMP prices at the Settlement Point and Delivery Point (for each Settlement Interval, and the Contract Price applicable to such Product in accordance with Exhibit C; (b) reflect 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 services 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. The invoice shall be delivered by electronic mail in accordance with Exhibit N.

8.2 **Payment.** Buyer shall make payment to Seller for Product and any other amounts due hereunder 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. Buyer shall pay undisputed invoice amounts within thirty (30) days after receipt of the invoice, or the end of the prior monthly delivery period, whichever is later. 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.

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 five (5) years or as otherwise required by Law. Upon five (5) Business Days' Notice to the other Party, but no more often than three (3) times per Contract Year without a reasonable basis for such request, either Party shall be granted 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 Ten Thousand Dollars (\$10,000).


8.4 **Invoice Adjustments.** Invoice adjustments shall be made if (a) there have been good faith inaccuracies in invoicing or payment that are not otherwise disputed under Section 8.5, (b) an adjustment to an amount previously invoiced or paid is required due to a correction of data by the CAISO, or pursuant to a Storage Capacity Test, or (c) there have been meter inaccuracies; provided, however, that there shall be no adjustments to prior invoices based upon meter inaccuracies except to the extent that such meter adjustments are accepted by CAISO for revenue purposes. 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. Unless otherwise agreed by the Parties, no adjustment of invoices shall be permitted after twenty-four (24) months from the date of the invoice.

8.5 **Billing Disputes.** A Party may, in good faith, dispute the correctness of any invoice or any adjustment to an invoice rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due. Any invoice dispute or invoice adjustment shall be in writing


and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within five (5) 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 shall be paid by the Party who owes it.

8.7 **Seller's Development Security.**

 If the Development Security is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating specified in the definition of Letter of Credit, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the Commercial Operation Date, or (iii) fails to honor Buyer's properly documented request to draw on such Letter of Credit by such issuer, Seller shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit that meets the requirements set forth in the definition of Development Security.

8.8 **Seller's Performance Security.**

 Seller shall maintain the Performance Security in full force and effect, subject to any draws made by Buyer in accordance with this Agreement, until the following have occurred: (A) the Delivery Term has expired or terminated early; and (B) all payment obligations of the Seller then due and payable under this Agreement, including compensation for penalties, Termination Payment, indemnification payments or other damages are paid in full (whether directly or indirectly such as through set-off or netting). Following the occurrence of both events, Buyer shall promptly return to Seller the unused portion of the Performance Security. Upon the expiration or termination of this Agreement, Buyer shall return to Seller any unused portion of the Performance Security held by Buyer and to which Buyer has no claim pursuant to

clause (B) in the preceding sentence. If the Performance Security is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating set forth in the definition of Letter of Credit, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the Commercial Operation Date, or (iii) fails to honor Buyer's properly documented request to draw on such Letter of Credit by such issuer, Seller shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit that meets the requirements set forth in the definition of Performance Security.

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, 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

8.11

ARTICLE 9 NOTICES

9.1 **Addresses for the Delivery of Notices.** 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 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; 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)



(d) 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; (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.

(e) Notwithstanding any provision to the contrary, a Force Majeure Event does not excuse Seller’s inability to achieve Construction Start of the Facility following the Guaranteed Construction Start Date or achieve Commercial Operation following the Guaranteed Commercial Operation Date except to the extent such Force Majeure Event is allowed pursuant to a Development Cure Period.

10.2 Termination Following Force Majeure Event. If a Force Majeure Event has occurred after the Commercial Operation Date



then the non-claiming Party may terminate this Agreement upon Notice to the other Party. Upon any such termination, neither Party shall have any liability to the other Party, save and except for those obligations specified in Section 2.1(b), and Buyer shall promptly return to Seller any Performance Security then held by Buyer, less any amounts drawn in accordance with this Agreement. 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 the 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)(ii) or (iv) and receive a Damage Payment upon exercise of Buyer's default right pursuant to Section 11.2.

10.3 **Notice for Force Majeure.** Within two (2) Business Days of obtaining knowledge of the commencement of 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 commencement of a 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 two- (2-) Business Day period will not preclude the claiming Party from claiming a Force Majeure hereunder but for any Force Majeure notification provided after the two- (2-) Business Day period, 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.

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 diligently seeking a cure);

(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 ninety (90) days, if the

Defaulting Party is unable to remedy such default within such initial thirty (30) days period despite diligently seeking a cure);

(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]

(vi) [REDACTED]

(vii) [REDACTED]

(viii) [REDACTED]

(ix) if, in any two (2) consecutive Contract Year period during the Delivery Term, the Adjusted Energy Production amount is not at least [REDACTED] of the Expected Energy amount in each Contract Year [REDACTED]

(x) if, Seller fails to maintain an average Efficiency Rate of at least [REDACTED] over a rolling 12-month period [REDACTED]

(xi) if, Seller fails to maintain a Storage Capacity equal to at least [REDACTED] of the Storage Contract Capacity for more than [REDACTED]

(xii) failure by Seller to satisfy the collateral requirements pursuant to Sections 8.7 or 8.8 within five (5) Business Days after Notice and expiration of the cure periods set forth therein, including the failure to replenish the Performance Security amount in accordance with this Agreement in the event Buyer draws on the Performance Security other than to satisfy a Termination Payment;

(xiii) 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 ten (10) 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.

(xiv) 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 [REDACTED];

(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, and in no event less than thirty (30) days prior to the expiration of the outstanding Letter of Credit.

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)(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 any Terminated Transaction and the Event of Default related thereto.

11.3 Termination Payment. The Termination Payment (“Termination Payment”) for a 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. 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. Without prejudice to the Non-Defaulting Party’s duty to mitigate, the Non-Defaulting Party shall not have to enter into replacement transactions to establish a Settlement Amount. Each Party agrees and acknowledges that (a) the actual damages that the Non-Defaulting Party would incur in connection with a Terminated Transaction would be difficult or impossible to predict with certainty, (b) the 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 a Terminated Transaction but shall not otherwise act to limit any of the Non-Defaulting Party’s rights or remedies if the Non-Defaulting Party does not elect a Terminated Transaction as its remedy for an Event of Default by the Defaulting Party.

11.4 Notice of Payment of Termination Payment or Damage 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 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 or Damage Payment, as applicable,

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 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



**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, PART OF AN ARTICLE 16 INDEMNITY CLAIM, INCLUDED IN A LIQUIDATED DAMAGES CALCULATION, OR ARISING FROM A PARTY'S FRAUD OR INTENTIONAL MISREPRESENTATION, 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. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES ONLY.

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.

THE VALUE OF ANY RENEWABLE ENERGY INCENTIVES AND TAX CREDITS, DETERMINED ON AN AFTER-TAX BASIS, LOST DUE TO BUYER’S DEFAULT (WHICH SELLER HAS NOT BEEN ABLE TO MITIGATE AFTER USE OF REASONABLE EFFORTS) AND AMOUNTS DUE IN CONNECTION WITH THE RECAPTURE OF ANY RENEWABLE ENERGY INCENTIVES AND TAX CREDITS, IF ANY, SHALL BE DEEMED TO BE DIRECT DAMAGES.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, INCLUDING UNDER SECTIONS 3.8, 4.7, 4.8, 11.2 AND 11.3, AND AS PROVIDED IN EXHIBIT B, 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. 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) The Facility is located in the State of California.

(f) Seller will be responsible for obtaining, or causing to be obtained, all permits necessary to construct and operate the Facility and Seller or an Affiliate will be the applicant on any CEQA documents.

(g) Seller shall maintain Site Control of the Facility throughout the Delivery Term.

(h) The Delivery Point shall be within the CAISO Balancing Authority Area (BAA) in accordance with the applicable requirements of the CAISO Tariff, including Appendix N to the CAISO Tariff.

(i) Seller shall comply with all CAISO Tariff requirements applicable to the Facility throughout the Delivery Term.

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 will 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 located within a venue permitted in Law and under the 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.

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 necessary for it 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.** 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. 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 ("**Project Labor Agreement**").

13.5 **Workforce Development and Community Investment.** Seller shall perform the obligations related to workforce development and community investment set forth in Exhibit S. In addition, Seller agrees to, or cause its contractors to, complete an annual supplier diversity and labor practices questionnaire provided by Buyer and, upon request of Buyer, to comply with similar regular reporting requirements related to diversity and labor practices from time to time.

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. 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) will be deemed an assignment and will require the prior written consent of the other Party, which consent shall not be unreasonably withheld. Any assignment made in violation of the conditions to assignment set out in this Article 14 shall be null and void. 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 costs, including without limitation reasonable attorneys' fees, associated with the preparation, review, execution and delivery of documents in connection with any financing of the Facility or any assignment of this Agreement by Seller. Except as may be precluded by, or would cause Buyer to be in violation of the Political Reform Act, (Cal. Gov. Code section 81000 et seq.) or the regulations thereto, Cal. Government Code section 1090, Buyer's Conflict of Interest Code/Policy or any other conflict of interest Law, subject to not less than thirty (30) days' Notice, Seller may, without the prior written consent of Buyer, transfer or assign this Agreement, including through a Change of Control, to (i) an Affiliate, (ii) any Person succeeding to all or substantially all of the assets of Seller (whether voluntary or by operation of law), provided such Person is a Permitted Transferee, or (iii) a Permitted Transferee. Neither (A) the transfer or assignment of this Agreement through foreclosure by any Lender on the assets of Seller or on the direct or indirect ownership interests in Seller nor (B) the transfer or assignment of this Agreement or such ownership interests in Seller to any Lender in lieu of such foreclosure (including any transfer or

assignment of this Agreement or such ownership interests in Seller to a Permitted Transferee subsequent to such foreclosure or transfer or assignment in lieu of foreclosure) shall require Buyer's consent.

14.2 **Collateral Assignment**. Subject to the provisions of this Section 14.2, Seller has the right, without the consent of Buyer, 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"). 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. 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 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) five (5) 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), 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 this Agreement which does not arise out of an Event of Default;

(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; 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 (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) 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 (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), 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. 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(f), if (i) 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;

(i) If requested by Lender, Buyer will make all payments due to Seller under this Agreement to an account designated by Lender in writing; and

(j) Lender shall not have any liability or obligation under this Agreement as a result of exercising its rights under the Collateral Assignment Agreement, and Lender shall not be obligated or required to perform any of Seller's obligations under this Agreement, except if this Agreement is transferred to Lender pursuant to subsection (b) above or Lender is a counterparty to a replacement agreement entered into pursuant to subsection (h) above.

14.3 **Permitted Assignment by Buyer.** Buyer may make a limited assignment of Buyer's right to receive all or a portion of the Product that would otherwise be delivered to Buyer hereunder 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. In connection with any such assignment, Buyer and Seller agree to execute a limited assignment agreement substantially in the form attached hereto as Exhibit T, or if requested by Buyer or Seller, in a similar form of agreement that is reasonably acceptable to Buyer, Seller, and each Party's respective Lenders and financing parties. For the avoidance of doubt, Buyer will remain responsible for all its obligations under this Agreement related to such assigned Product, including (i) the obligation to pay for such Product to the extent the assignee thereof does not do so and (ii) any damages associated with such assignee's failure to take any such Product. Buyer shall be responsible for Seller's reasonable costs, including without limitation reasonable attorneys' fees, associated with the preparation, review, execution and delivery of documents in connection with any assignment of this Agreement by Buyer.

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] 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 the County of Alameda, California.

15.2 **Dispute Resolution.** In the event of any dispute arising under this Agreement, within ten (10) days following the receipt of a 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.**

(a) Seller (the "Indemnifying Party") agrees to defend, indemnify and hold harmless Buyer, its directors, officers, agents, attorneys, employees and representatives (each an "Indemnified Party" and collectively, the "Indemnified Group") 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 to the extent arising out of, resulting from, or caused by the negligent or willful misconduct of the Indemnifying Party, its Affiliates, its directors, officers, employees or agents (collectively, "Indemnifiable Losses").

(b) Nothing in this Section shall enlarge or relieve Seller or Buyer of any liability to the other for any breach of this Agreement. Neither Party shall be indemnified for its damages resulting from its sole negligence, intentional acts, or willful misconduct. These indemnity provisions shall not be construed to relieve any insurer of its obligations to pay claims consistent with the provisions of a valid insurance policy. Upon the Buyer's written request, the Seller, at its own expense, must defend any suit or action that is subject to the Seller's indemnity obligations. The Seller's indemnity obligations survive the expiration or earlier termination of the Agreement.

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 ten (10) 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 ten (10) 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 ten (10) 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 products and completed operations and personal injury insurance, in a minimum amount of [REDACTED] per occurrence, and an annual aggregate of not less than [REDACTED] endorsed to provide contractual liability in said amount, specifically covering Seller's obligations under this Agreement (subject to policy terms and conditions) and including Buyer as an additional insured; and (ii) an umbrella insurance policy in a minimum limit of liability of [REDACTED]. Defense costs shall be provided as an additional benefit and not included within the limits of liability. Such insurance shall contain standard cross-liability and severability of interest provisions.

(b) Employer's Liability Insurance. If Seller has employees, Employers' liability insurance shall not be less than [REDACTED] for injury or death occurring as a result of each accident. With regard to bodily injury by disease, the [REDACTED] policy limit 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] 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 the Agreement.

(e) Construction All-Risk Insurance. Seller shall maintain or cause to be maintained during the construction of the Facility prior to the Commercial Operation Date, 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) Property Insurance. On and after the Commercial Operation Date, Seller shall maintain or cause to be maintained insurance against loss or damage from all causes under standard "all risk" property insurance coverage in amounts that are not less than the actual replacement value of the Facility, provided, however, with respect to property insurance for natural catastrophes, Seller shall maintain limits equivalent to a "probable maximum loss" amount determined by a firm with experience providing such determinations and where commercially available.

(h) Subcontractor Insurance. Seller shall require all of its Major Subcontractors to carry at least the same levels of insurance as Seller, provided Major Subcontractors shall not be required to carry construction all-risk form property insurance. All

Major 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 Major Subcontractors shall provide a primary endorsement and a waiver of subrogation to Seller for the required coverage pursuant to this Section 17.1(h).

(i) Evidence of Insurance. Within sixty (60) days after execution of the Agreement and upon annual renewal thereafter, Seller shall deliver to Buyer certificates of insurance evidencing such coverage. These certificates shall specify that Buyer shall be given at least thirty (30) days prior Notice by Seller in the event of cancellation or termination of coverage except ten (10) days for nonpayment of premium. 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. The following constitutes "Confidential Information," whether oral or written which is delivered by Seller to Buyer or by Buyer to Seller including: (a) the terms and conditions of, and proposals and negotiations related to, this Agreement, and (b) information that either Seller or Buyer stamps or otherwise identifies as "confidential" or "proprietary" before disclosing it to the other Party. 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 by any requirements of Law, (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 Law, order, regulation, ruling, regulatory request, accounting disclosure rule or standard or any exchange, control area or independent system operator 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. If the Disclosing Party takes no such action after receiving the foregoing notice from the Receiving Party, 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. Each Party hereto acknowledges and agrees that information and documentation provided in connection with this Agreement may be subject to the California Public Records Act (Government Code Section 7920 et seq.). The provisions of this Article 18 shall survive and shall continue to be binding upon the Parties for period of one (1) year following the

date of termination of this Agreement.

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 and its Affiliate's members, employees and officers, and Seller's actual or potential agents, advisors, actual or potential investors, consultants, contractors, or trustees, so long as the Person (other than a Person that has an ethical duty to Seller) to whom Confidential Information is disclosed agrees in writing to be bound by confidentiality provisions no less stringent than those in this Article 18 (subject to customary survival terms) or is otherwise bound by a duty of confidentiality.

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. A Party's consent shall not be unreasonably withheld, conditioned or delayed.

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 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, for the avoidance of doubt, 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, any Lender or indemnified party pursuant to Article 16.

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” 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). Changes proposed by a non-Party or FERC acting *sua sponte* shall be subject to the most stringent standard permissible under Law.

19.7 **Counterparts.** 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.

19.8 **Electronic Delivery.** This Agreement may be duly executed and delivered by a Party by execution and electronic format (including portable document format (.pdf)) delivery of the signature page of a counterpart to the other Party, and, if delivery is made by electronic format, the executing Party shall promptly deliver, via overnight delivery, a complete original counterpart that it has executed to the other Party, but this Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original counterpart.

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.** The Parties acknowledge and agree 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.

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.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the Effective Date.

ROSEMARY SOLAR, LLC

By: _____
Name: _____
Title: _____
Date: _____

AVA COMMUNITY ENERGY AUTHORITY,
a California joint powers authority

By: _____
Name: _____
Title: _____
Date: _____

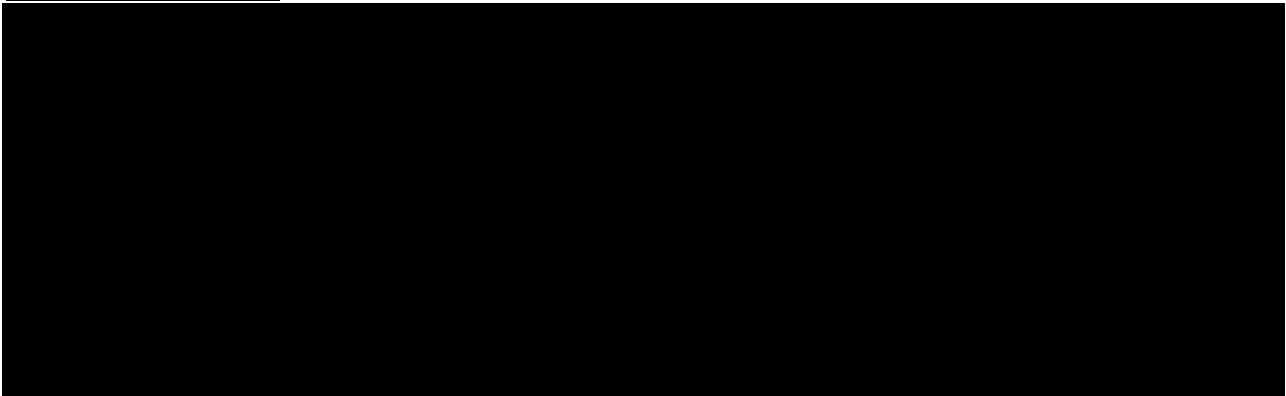
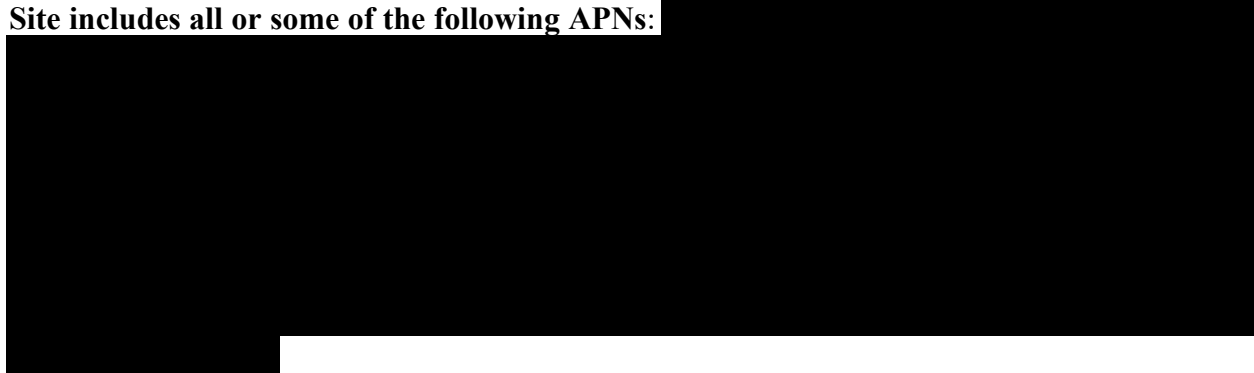
Approved as to form:

Inder Khalsa, Interim General Counsel

EXHIBIT A
FACILITY DESCRIPTION

Site Name: Rosemary Solar, LLC

Site includes all or some of the following APNs:



County: Fresno County, California

Type of Generating Facility: Solar photovoltaic electricity generating facility

Operating Characteristics 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 Characteristics of Storage Facility: +0.95/-0.95 at Installed Battery Capacity at Delivery Point; set point control +0.90/-0.90.

Operating Restrictions of Storage Facility: See Exhibit Q.

Guaranteed Capacity: 70 MW, as may be adjusted pursuant to Section 2.5 and Section 5(a) of Exhibit B

Storage Contract Capacity: 70 MW, as may be adjusted pursuant to Section 2.5 and Section 5(b) of Exhibit B

Maximum Facility Output: 70 MW

Maximum Charging Capacity: 70 MW, as may be adjusted pursuant to Section 2.5 and Section 5(b) of Exhibit B

Maximum Discharging Capacity: 70 MW, as may be adjusted pursuant to Section 2.5 and Section 5(b) of Exhibit B

Interconnection Point: [REDACTED]

Settlement Point: [REDACTED]

Delivery Point: [REDACTED]

Generating Facility Meter: See Exhibit R.

Storage Facility Meter Location: See Exhibit R.

PNode: [REDACTED]

Participating Transmission Owner: Pacific Gas and Electric

EXHIBIT B

CONSTRUCTION START AND COMMERCIAL OPERATION

1. **Construction Start.**

a. “Construction Start” will occur once Seller has (i) 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, (ii) executed an engineering, procurement, and construction contract or an equipment supply agreement and a balance of plant contract and issued thereunder a notice to proceed that authorizes the contractor to mobilize to Site and begin physical construction at the Site, and (iii) delivered to Buyer a copy of the fully-executed Project Labor Agreement, as described in Section 13.4. 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.

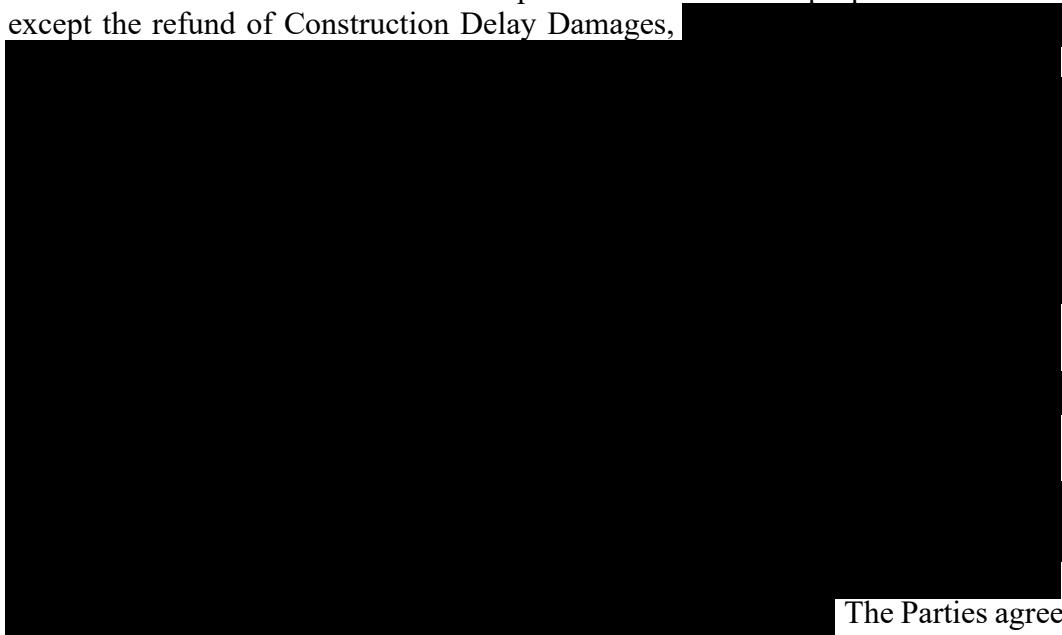
b.



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; provided that Buyer will provide a response to Seller's notice of Commercial Operation within five (5) Business Days of receipt thereof or will be deemed to have agreed that Commercial Operation has been achieved. The "Commercial Operation Date" shall be the later of (i) thirty (30) days prior to the Expected Commercial Operation Date, unless otherwise agreed by the Parties, 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 sixty (60) days before the anticipated Commercial Operation Date.
- b. If Seller achieves Commercial Operation for the Facility by the Guaranteed Commercial Operation Date (excluding any paid extensions of the Guaranteed Commercial Operation Date under Section 2(c) below), all Construction Delay Damages paid by Seller shall be refunded to Seller. Seller shall include a request for refund of the Construction Delay Damages with the first invoice to Buyer after Commercial Operation.
- c. In addition to extensions pursuant to a Development Cure Period, if any, Seller may extend the Guaranteed Commercial Operation Date for all purposes hereunder except the refund of Construction Delay Damages,



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 receive a Damage Payment upon exercise of Buyer's default right pursuant to Section 11.2.

3. **Termination for Failure to Achieve Commercial Operation.** [REDACTED]
[REDACTED].
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]
 - d. [REDACTED]

Notwithstanding anything to the contrary, the cumulative extensions under the Development Cure Period shall not exceed [REDACTED] for any reason (other than the extensions granted pursuant to clause 4(d) above). 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, (ii) if [REDACTED], (iii) if Seller is asserting a claim for any other delay provided for above and Seller fails to provide written notice to Buyer within thirty (30) days after Seller became aware of an actual delay affecting the Facility, except that in the case of a delay occurring within sixty (60) days of the Expected Commercial Operation Date, or after such date, Seller must provide written notice within seven (7) Business Days of Seller becoming aware of such delay. As used in the preceding sentence, “actual delay” does not include Seller’s receipt of generic notices of potential delays. Upon request from Buyer, Seller shall promptly provide documentation demonstrating to Buyer’s reasonable satisfaction that the delays described above did not result from Seller’s actions or failure to take commercially reasonable actions.

5. **Failure to Reach Guaranteed Capacity or Storage Contract Capacity.**

- a. *Guaranteed Capacity.* If, at Commercial Operation, the Installed Generating Capacity is less than [REDACTED] of the Guaranteed Capacity, Seller shall have [REDACTED] Generating Capacity is equal to 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 [REDACTED] for each MW that the Guaranteed Capacity exceeds the Installed Generating Capacity, and the Guaranteed Capacity and other applicable portions of the Agreement shall be adjusted accordingly.
- b. *Storage Contract Capacity.* If, at Commercial Operation, the Installed Battery Capacity is less than [REDACTED] of the Storage Contract Capacity, Seller shall have [REDACTED] after the Commercial Operation Date to install additional capacity such that the Installed Battery Capacity is equal to [REDACTED] 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 [REDACTED] for each MW that the Storage Contract Capacity exceeds the Installed Battery Capacity, and the Storage Contract Capacity and other applicable portions of the Agreement, including Exhibit Q, shall be adjusted accordingly.

6.

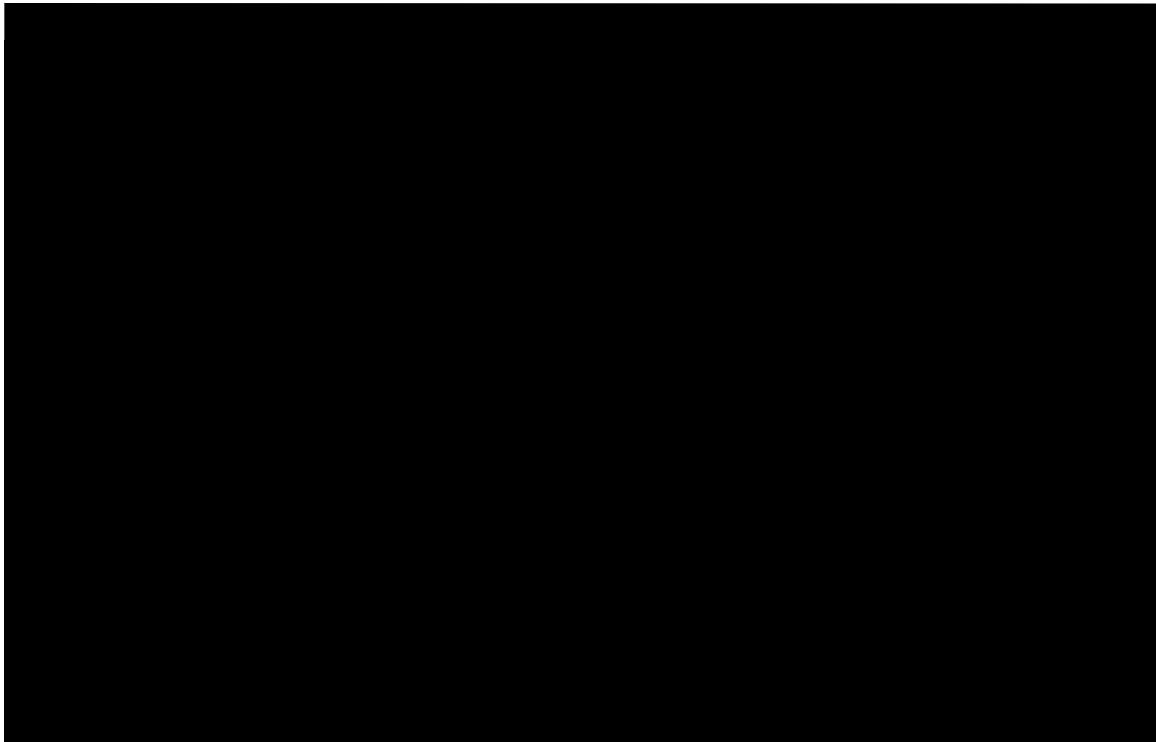




EXHIBIT C

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]

(b) Excess Contract Year Deliveries Over [REDACTED]. If, at any point in any Contract Year, the amount of Generating Facility Energy plus the amount of Deemed Delivered Energy above the Curtailment Cap exceeds [REDACTED] of the Expected Energy for such Contract Year, the price to be paid for additional Generating Facility Energy or Deemed Delivered Energy shall be equal to the lesser of (a) the Settlement Point LMP for the Real-Time Market for the applicable Settlement Interval or (b) [REDACTED] of the Renewable Rate, but not less than [REDACTED]. If, at any point in any Contract Year, the amount of Generating Facility Energy plus the amount of Deemed Delivered Energy above the Curtailment Cap exceeds [REDACTED] of the Expected Energy for such Contract Year, no payment shall be owed by Buyer for any additional Generating Facility Energy or Deemed Delivered Energy.

(c) Excess Settlement Interval Deliveries. If during any Settlement Interval, Seller delivers Product amounts, as measured by the amount of Facility Energy, in excess of the product of the Guaranteed Capacity and the duration of the Settlement Interval, expressed in hours (or fractions thereof) ("Excess MWh"), then the price applicable to all such excess MWh in such Settlement Interval shall be [REDACTED] and if there is a Negative LMP during such Settlement Interval, Seller shall pay to Buyer an amount equal to the absolute value of the Negative LMP times such excess MWh ("Negative LMP Costs").

(d) Curtailment Payments. Seller shall receive no compensation from Buyer for (i) Generating Facility Energy or Deemed Delivered Energy during any Curtailment Period and (ii) Deemed Delivered Energy in amounts below the Curtailment Cap. Buyer shall pay for Deemed Delivered Energy above the Curtailment Cap at the applicable Contract Price, plus, if applicable, the PTC Amount in accordance with subsection (g) of this Exhibit C.

(e) Storage Rate. All Storage Product shall be paid on a monthly basis at the Storage Rate *multiplied by* the Storage Capacity (as determined under Exhibit O) during such month *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.

(f) 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 Seller shall set off against amounts payable by Buyer in the applicable monthly invoice.

(g) PTC Amount. During the time period (not to exceed a total of a number of days that is the equivalent of one hundred twenty (120) consecutive months) when the Generating Facility is eligible for PTCs and Seller (or Seller's owners or Affiliates, if Seller is a pass-through entity for tax purposes) is eligible for and receives PTCs in connection with the operation of the Generating Facility, Buyer shall also pay the PTC Amount for Deemed Delivered Energy above the Curtailment Cap until the sum of Generating Facility Energy plus the amount of Deemed Delivered Energy exceeds [REDACTED] of the Expected Energy for such Contract Year.

(h) Test Energy. Test Energy is compensated in accordance with Section 3.6.

(i) Tax Credits. The Parties agree that 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 and price for and Seller's obligation to deliver Facility Energy and Product, shall be effective regardless of whether the sale of Facility Energy is eligible for, or receives Tax Credits during the Contract Term.

(j) Change in Tax Law. If, at any time after the Effective Date and before the commencement of both (i) delivery of Test Energy to the Delivery Point; and (ii) funding from Seller's tax equity investors with respect to the Facility (as demonstrated by Notice from Seller to Buyer that such funding has commenced), any New Benefit Legislation is enacted, expanded, or extended for which Seller, the Facility, or the Energy is potentially eligible for, Seller shall attest to Buyer in writing whether the Facility and/or Energy is eligible for, and whether Seller (or its Affiliates or Lenders) plans to claim, any Seller Tax Credit Benefits pursuant to such New Benefit Legislation. Promptly upon Seller's (or its Affiliate's or Lender's) receipt or realization of any Seller Tax Credit Benefits, Seller shall transfer to Buyer [REDACTED] of the net economic benefit of the Seller Tax Credit Benefits actually realized by Seller or its Affiliate(s) (whether such Seller Tax Credit Benefits were claimed by Seller or its Affiliates or Lender), provided that the gross amount of Seller Tax Credit Benefits shall be reduced for incremental costs incurred by Seller in connection with obtaining such Seller Tax Credit Benefits and any subsequent recapture, reduction, or loss of all or any portion of such. All calculations regarding Seller Tax Credit Benefits shall be substantiated in reasonable written detail by Seller. The [REDACTED] to which Buyer is entitled shall be credited to Buyer through the invoicing process pursuant to Section 8.6. Buyer agrees that it shall take all administrative actions reasonably requested by Seller to facilitate the receipt of Seller Tax Credit Benefits from such New Benefit Legislation, including entering into customary estoppel agreements for the benefit of any tax equity investors.

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 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, 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. 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 (as the Facility'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 basis, as determined by Buyer. 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 its 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. Seller shall ensure that Buyer (as SC) has all necessary data access or reporting, as applicable, to the extent necessary to satisfy any applicable CAISO requirements.

(b) Notices. Buyer (as the Facility'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.

(c) CAISO Costs and Revenues. Except as otherwise set forth below, Buyer (as Scheduling Coordinator for the Facility) shall be responsible for CAISO costs (including penalties, Imbalance Energy costs, and other charges) and shall be entitled to all CAISO revenues (including credits, Imbalance Energy revenues, 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 be responsible for and reimburse Buyer for any and all CAISO costs, charges or sanctions incurred by Buyer as a result of Seller's failure to perform its obligations under this Agreement except to the extent such non-compliance is caused solely by Buyer's or Buyer's SC's unexcused failure to perform its duties as Scheduling Coordinator for the Facility. Seller shall assume all liability and reimburse Buyer for any and all CAISO 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, except to the extent any such Non-Availability Charges are incurred solely due to Buyer or Buyer's SC's unexcused failure to perform its duties as Scheduling Coordinator for the Facility, including a failure to perform its must offer requirements under Section 40.6 of the CAISO Tariff, in which case, such Non-Availability Charges shall be the responsibility of Buyer and for Buyer's account. In addition, if during the Delivery Term, the CAISO implements any sanction or penalty related to scheduling, outage reporting, energy storage facility operation, or generating facility 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, Charging Notices and Discharging Notices, 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 these CAISO Charges Invoices against any future amounts it may owe to Seller under this Agreement. The obligations under this Section with respect to payment of CAISO Charges Invoices shall survive the expiration or termination of this Agreement.

(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 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. The Parties will collaborate to comply with the applicable deadlines for filing and updating the information for the Facility in the Master Resource Database and Master Data File. Seller shall provide the data 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 at least five (5) Business Days before the deadline for submission to CAISO and Buyer (as SC) shall promptly provide such data to CAISO. 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 CAISO or CPUC 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 provide such information to Buyer for review at least five (5) Business Days prior to submission to the CAISO or CPUC as applicable.

(h) NERC Reliability Standards. Buyer (as Scheduling Coordinator) shall 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 that Buyer (as Scheduling Coordinator) has provided to the CAISO related to the Facility or actions taken by Buyer (as Scheduling Coordinator) related to Seller's compliance with 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 or month, as applicable, including any OSHA labor hour reports.
7. Forecast of activities scheduled for the current calendar quarter.
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 likely to potentially 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. Prevailing wage reports if required by Law.
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, MWh Per Hour]

	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
JAN																								
FEB																								
MAR																								
APR																								
MAY																								
JUN																								
JUL																								
AUG																								
SEP																								
OCT																								
NOV																								
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 AVAILABLE GENERATING CAPACITY REPORT

[Available Generating Capacity, MWh 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																								
Day 3																								
Day 4																								
Day 5																								
[insert additional rows for each day in the month]																								
Day 29																								
Day 30																								
Day 31																								

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 G

GUARANTEED ENERGY PRODUCTION DAMAGES CALCULATION

In accordance with Section 4.7, if Seller fails to achieve the Guaranteed Energy Production during any Performance Measurement Period, a liquidated damages payment shall be due from Seller to Buyer, calculated as follows:

[REDACTED]

where:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Adjusted Energy Production” shall mean the sum of the following: [REDACTED]
[REDACTED]

No payment shall be due if the calculation [REDACTED] yields a negative number.

Within sixty (60) days after a Contract Year which ends each Performance Measurement Period, Buyer will send Seller Notice of the amount of damages owing, if any, which shall be payable to Buyer within thirty (30) days of such Notice.

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] (“Agreement”) by and between Rosemary Solar, LLC (“Seller”), and Buyer. 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 [REDACTED] of the Guaranteed Capacity.
3. Seller has installed equipment for the Storage Facility with a nameplate capacity of no less than [REDACTED] 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 automatic generation control (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 [REDACTED] 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 [REDACTED] 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*] (“Agreement”) by and between Rosemary Solar, LLC (“Seller”) and Buyer. 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 Rosemary Solar, 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] (“Agreement”) by and between Seller and Buyer. 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”);
- (3) the precise Site on which the Facility is located is, which must be within the boundaries of the previously identified Site: _____; and
- (4) a copy of the Project Labor Agreement (as defined in Section 13.4 of the Agreement) has been fully executed and a copy of same delivered to Buyer.

IN WITNESS WHEREOF, the undersigned has executed this Certification on behalf of Seller as this _____ day of _____, 20__.

[SELLER ENTITY]

By: _____

Printed Name: _____

Title: _____

EXHIBIT K

FORM OF LETTER OF CREDIT

PRINTED ON LETTERHEAD OF ISSUING BANK

DATE OF ISSUE:

IRREVOCABLE STANDBY DOCUMENTARY CREDIT NO. :

BENEFICIARY:

AVA COMMUNITY ENERGY AUTHORITY, A CALIFORNIA JOINT POWERS AUTHORITY
1999 HARRISON STREET, SUITE 2300
OAKLAND, CA 94612
ATTN: HOWARD CHANG, CHIEF OPERATING OFFICER

APPLICANT:

[NAME]
[ADDRESS]

ADVISING BANK:
IF APPLICABLE

AMOUNT: [-]

DATE AND PLACE OF EXPIRY: [-]
AT COUNTER OF ISSUING BANK

BY THE ORDER OF _____ (“APPLICANT”), WE, HSBC BANK USA, N.A., GLOBAL TRADE AND RECEIVABLES FINANCE (GTRF) TRANSACTION SERVICES, 452 FIFTH AVENUE, NEW YORK, NY 10018 (“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) FACSIMILE TO BANK FAX NUMBER (718) 488-4909. TRANSMITTAL BY FACSIMILE (“FAX”) SHALL BE DEEMED DELIVERED WHEN RECEIVED. FAX DRAWING WILL NOT CONSTITUTE A COMPLYING PRESENTATION UNTIL YOU CONFIRM BY TELEPHONE OUR RECEIPT OF SUCH FAX DRAWING BY CALLING US AT TELEPHONE NUMBER (866) 327-0763; PROVIDED THAT SUCH FAX PRESENTATION IS RECEIVED ON OR BEFORE THE EXPIRATION DATE OF THIS LETTER OF CREDIT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, IT BEING UNDERSTOOD THAT ANY SUCH FAX PRESENTATION SHALL BE CONSIDERED THE SOLE OPERATIVE INSTRUMENT OF DRAWING.

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 THE DATE SPECIFIED IN SUCH NOTICE. NO PRESENTATION MADE UNDER THIS LETTER OF CREDIT AFTER SUCH EXPIRATION DATE 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 HSBC BANK USA, N.A. GTRF TRANSACTION SERVICES, 452 FIFTH AVENUE, NEW YORK NY, 10018, ATTN: STANDBY UNIT, REFERRING SPECIFICALLY TO ISSUER'S LETTER OF CREDIT NO. [XXXXXXX]. FOR TELEPHONE ASSISTANCE, PLEASE CONTACT ISSUER'S STANDBY LETTER OF CREDIT DEPARTMENT AT (866) 327-0763 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, 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.

PLEASE SEND ALL CLAIMS AND CORRESPONDENCE AS PER SBLC TERMS AND CONDITIONS TO FOLLOWING ADDRESS:

HSBC BANK USA, N.A.
GTRF TRANSACTIONS SERVICES
452 FIFTH AVENUE
NEW YORK, NY 10018, U.S.A.
ATTN: STANDBY UNIT

FOR ANY QUERIES, PLEASE CONTACT OUR CLIENT SERVICES TEAM AT:

GTRF.USCS@US.HSBC.COM OR PHONE NO. 1 866 327 0763
OR FAX NO. 1 718 488 4909

HSBC BANK USA, N.A.
NAME AND TITLE

HSBC BANK USA, N.A.
NAME AND TITLE

EXHIBIT A

(DRAW REQUEST SHOULD BE ON BENEFICIARY'S LETTERHEAD)

DRAWING CERTIFICATE

HSBC BANK USA, N.A.
GTRF TRANSACTIONS SERVICES
452 FIFTH AVENUE
NEW YORK, NY 10018, U.S.A.
ATTN: STANDBY UNIT

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 HSBC BANK USA, N.A. (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 _____, 20__ (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:

PAYEE BANK: [INSERT NAME]
PAYEE BANK ABA ROUTING NUMBER: [INSERT NUMBER]
BENEFICIARY'S NAME: [INSERT NAME]
BENEFICIARY'S ACCOUNT NO: [INSERT NUMBER]

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 [_____] a [_____] (“Guarantor”), and Ava Community Energy Authority, a California joint powers authority (together with its successors and permitted assigns, “Buyer”).

Recitals

- A. Buyer and Rosemary Solar, LLC, a Delaware limited liability company (“Seller”), entered into that certain Renewable Power Purchase Agreement (as amended, restated or otherwise modified from time to time, the “PPA”) dated as of [____], 202_.
- 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 Guarantor reserves the right to assert for itself 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 Rosemary Solar, 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*] (“Agreement”) by and between Seller and Buyer. 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 3.7(j) 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: _____

Printed Name: _____

Title: _____

EXHIBIT N**NOTICES**

Rosemary Solar, LLC	Ava Community Energy Authority
All Notices: Street: [REDACTED] [REDACTED] City: [REDACTED] Attn: [REDACTED] Phone: [REDACTED] Email: [REDACTED]m	All Notices: 1999 Harrison Street, Suite 2300 Oakland, CA 94612 Attn: Power Resources Phone: (510) 809-7458 Email: powernotices@avaenergy.org; legal@avaenergy.org
Reference Numbers: Duns: [REDACTED] Federal Tax ID Number: [REDACTED]	Reference Numbers: Duns: [REDACTED] Federal Tax ID Number: [REDACTED]
Invoices: Attn: [REDACTED] Phone: [REDACTED] Email: [REDACTED]	Invoices: Attn: Jason Bartlett, Finance Manager Phone: 510-650-7584 Email: ap@avaenergy.org; powersettlements@avaenergy.org; settlements@ncpa.com
Scheduling: Attn: [REDACTED] Phone: [REDACTED] Email: [REDACTED]	Scheduling: Attn: NCPA c/o Ken Goeke, Manager, Portfolio and Pool Administration Phone: (916) 781-4290 Email: operations@avaenergy.org
Confirmations: Attn: [REDACTED] Phone: [REDACTED] Email: [REDACTED]	Confirmations: Attn: Power Resources Phone: (510) 361-6247 Email: powernotices@avaenergy.org; powersettlements@avaenergy.org; confirmations@ncpa.com
Payments: Attn: [REDACTED] Phone: [REDACTED] Email: [REDACTED]	Payments: Attn: Jason Bartlett, Finance Manager Phone: (510) 650-7584 Email: ap@avaenergy.org
Wire Transfer: [REDACTED]	Wire Transfer: [REDACTED]

Rosemary Solar, LLC	Ava Community Energy Authority
<p>With additional Notices of an Event of Default to: Attn: [REDACTED] Phone: [REDACTED] Email: [REDACTED]</p>	<p>With additional Notices of an Event of Default to: Attn: Power Resources 1999 Harrison Street, Suite 2300 Oakland, CA 94612 Phone: (510) 809-7458 Email: powernotices@avaenergy.org; legal@avaenergy.org</p> <p>With an additional copy to: Hall Energy Law PC Attn: Stephen Hall Phone: (503) 313-0755 Email: steve@hallenergylaw.com</p>
<p>Emergency Contact: Attn: [REDACTED] Phone: [REDACTED] Email: [REDACTED]</p>	<p>Emergency Contact: Attn: Phone: Email:</p>

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 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 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 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) (as adjusted for Electrical Losses from the Delivery Point). 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 (as adjusted for Electrical Losses to the Delivery Point and Station Use) 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.

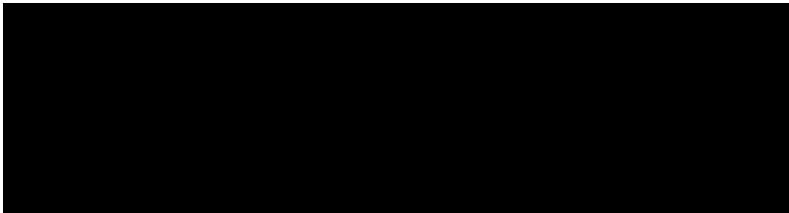
EXHIBIT P

STORAGE AVAILABILITY

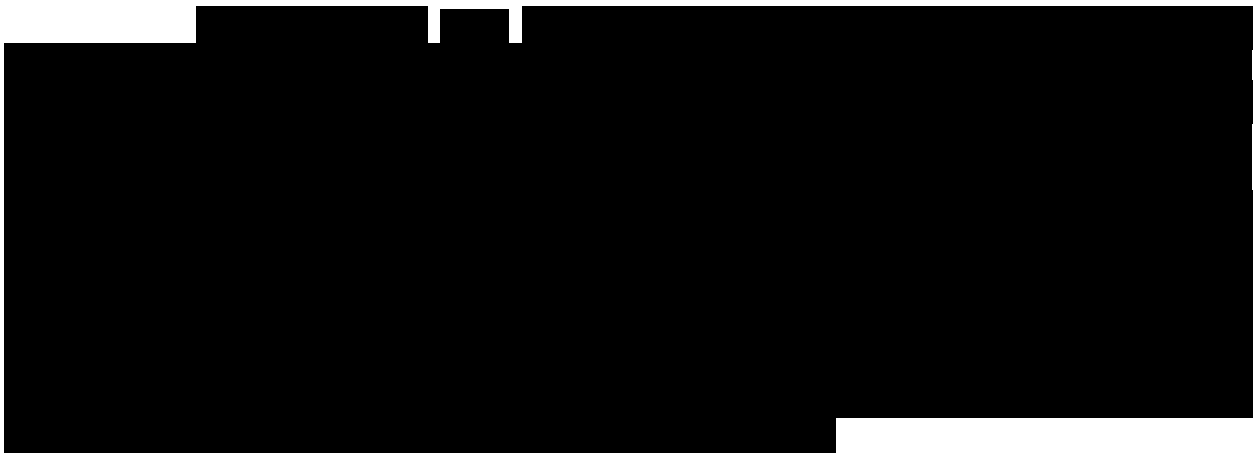
Monthly Storage Availability

Calculation of Monthly Storage Availability. Seller shall calculate the “Monthly Storage Availability” in a given month using the formula set forth below:

Monthly Storage Availability (%) =



where:



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 [redacted] 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.

Ramp Rate:	[REDACTED]
Annual Cycles:	[REDACTED]
Daily Dispatch Limits:	[REDACTED]
Maximum Time at less than 10% SOC:	[REDACTED]
Maximum Time at more than 90% SOC:	[REDACTED]
Grid Charging of Storage Facility:	[REDACTED]
Other Operating Limits:	[REDACTED]
Ancillary Services Capability:	[REDACTED]

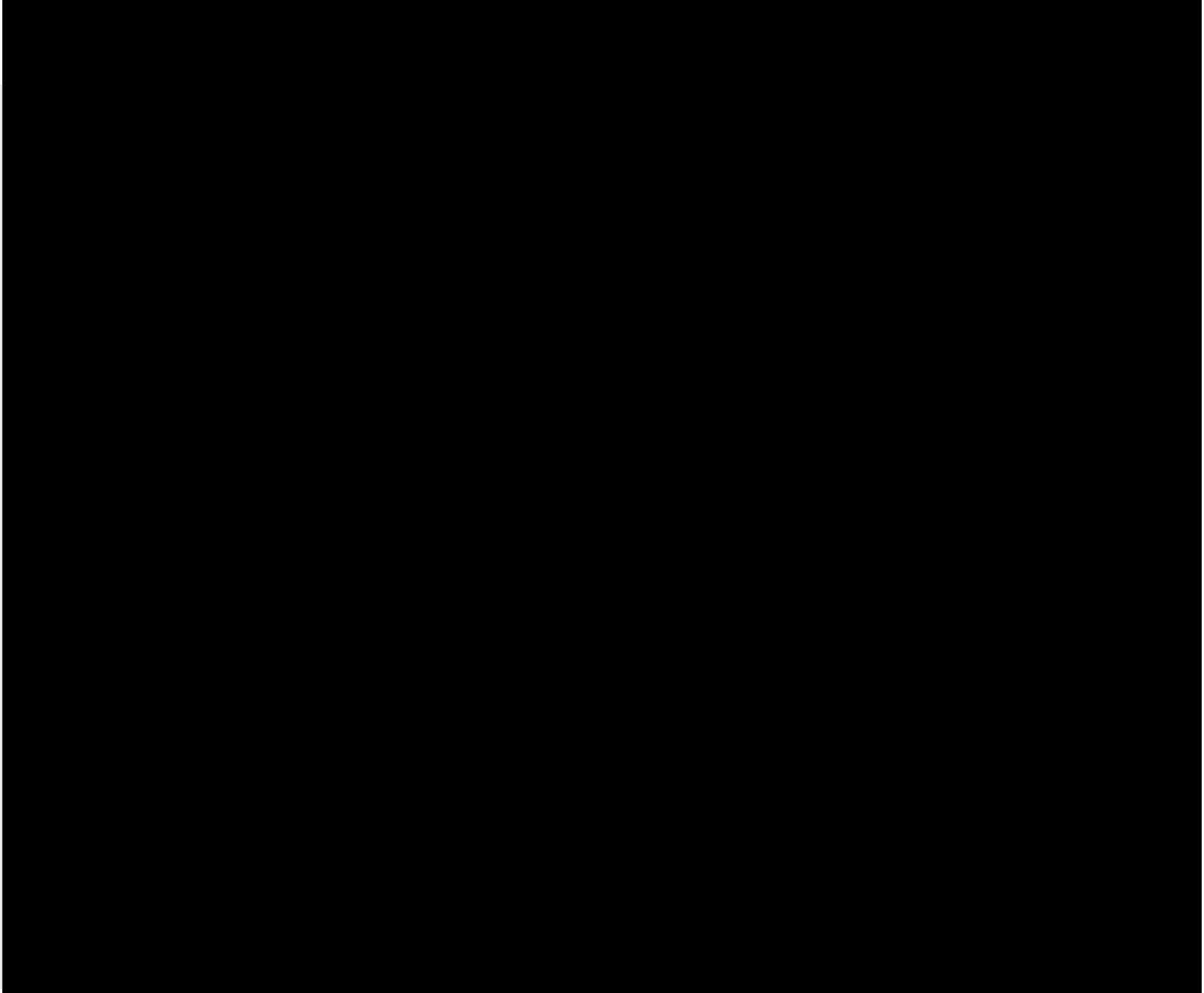
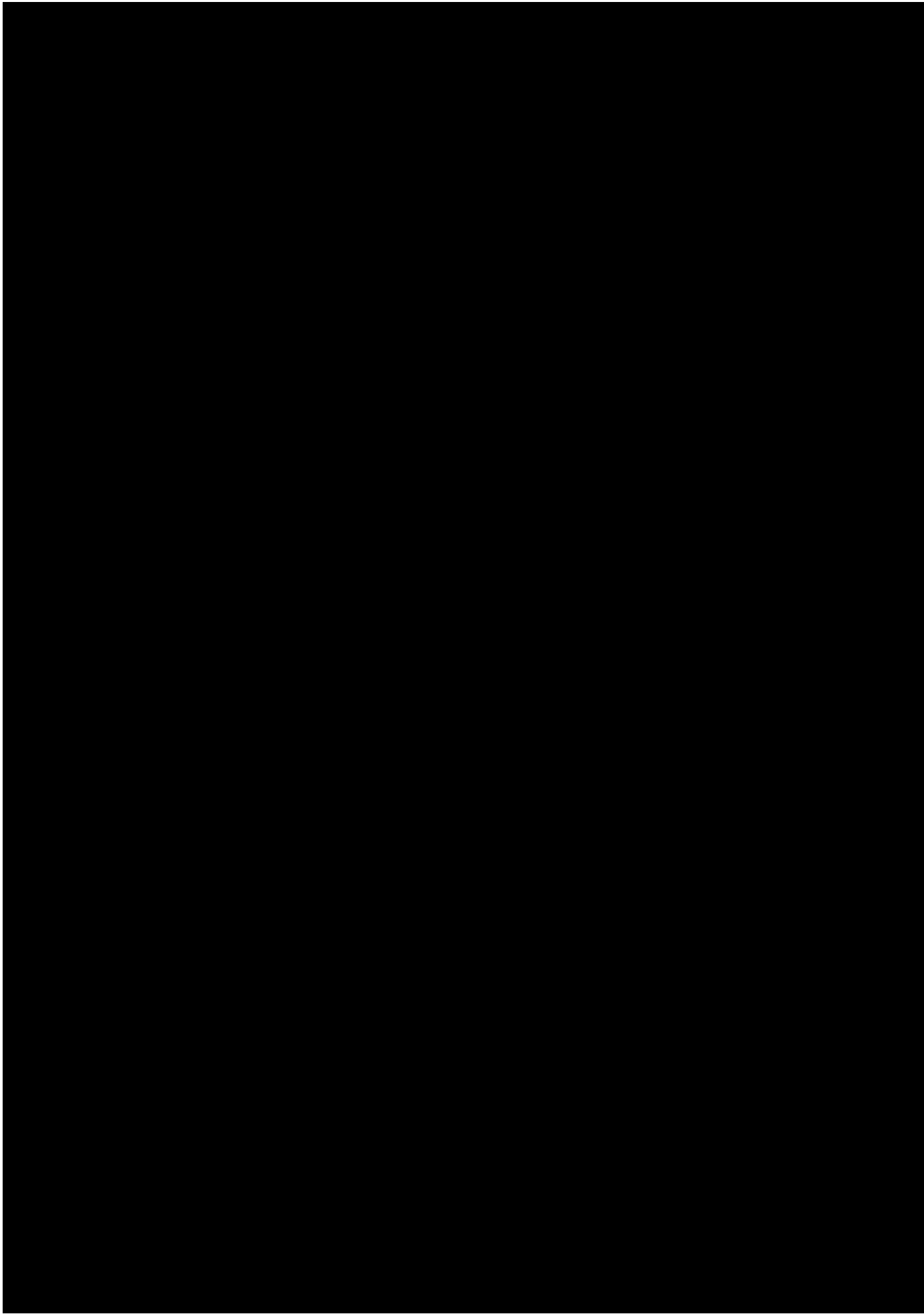
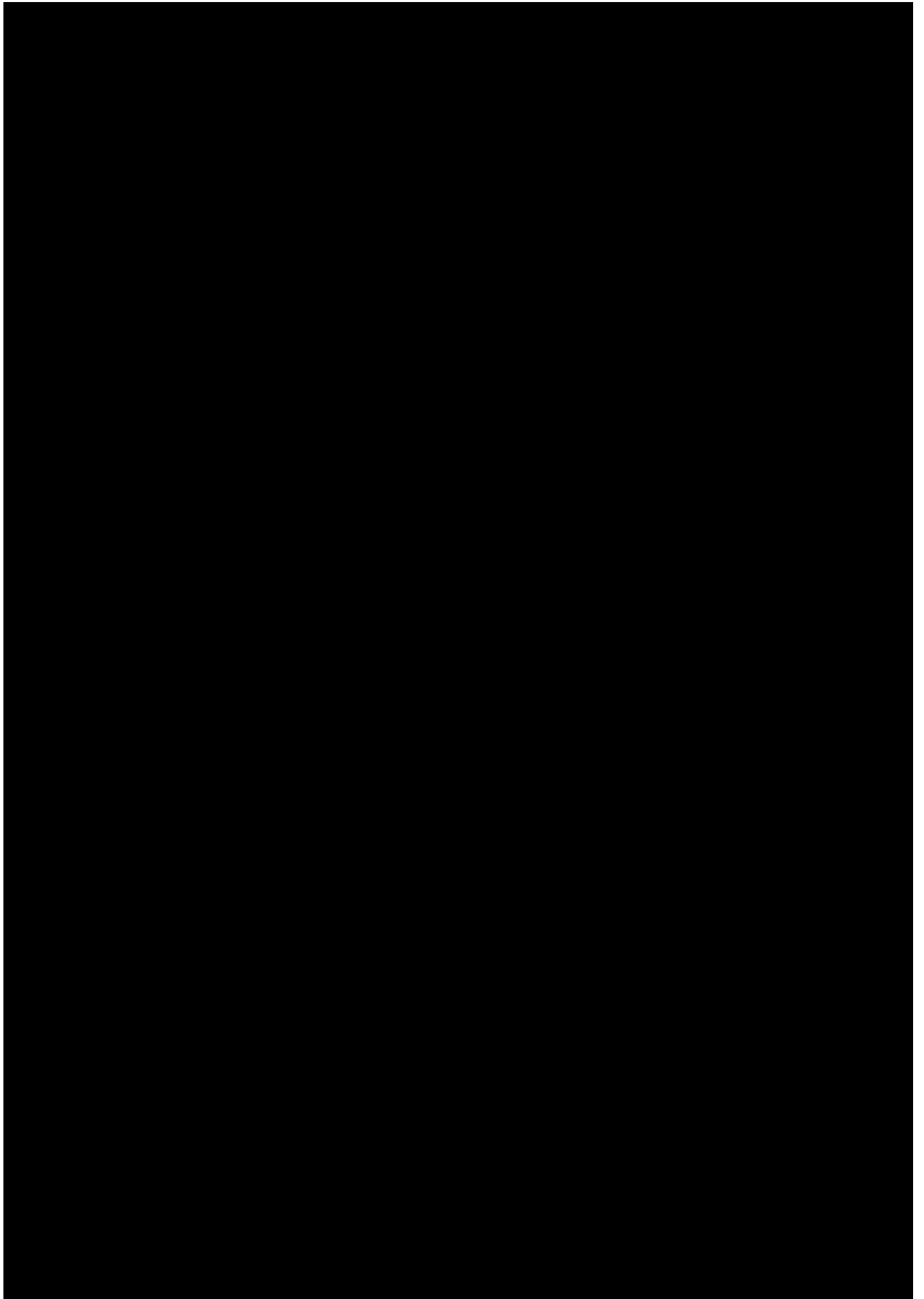


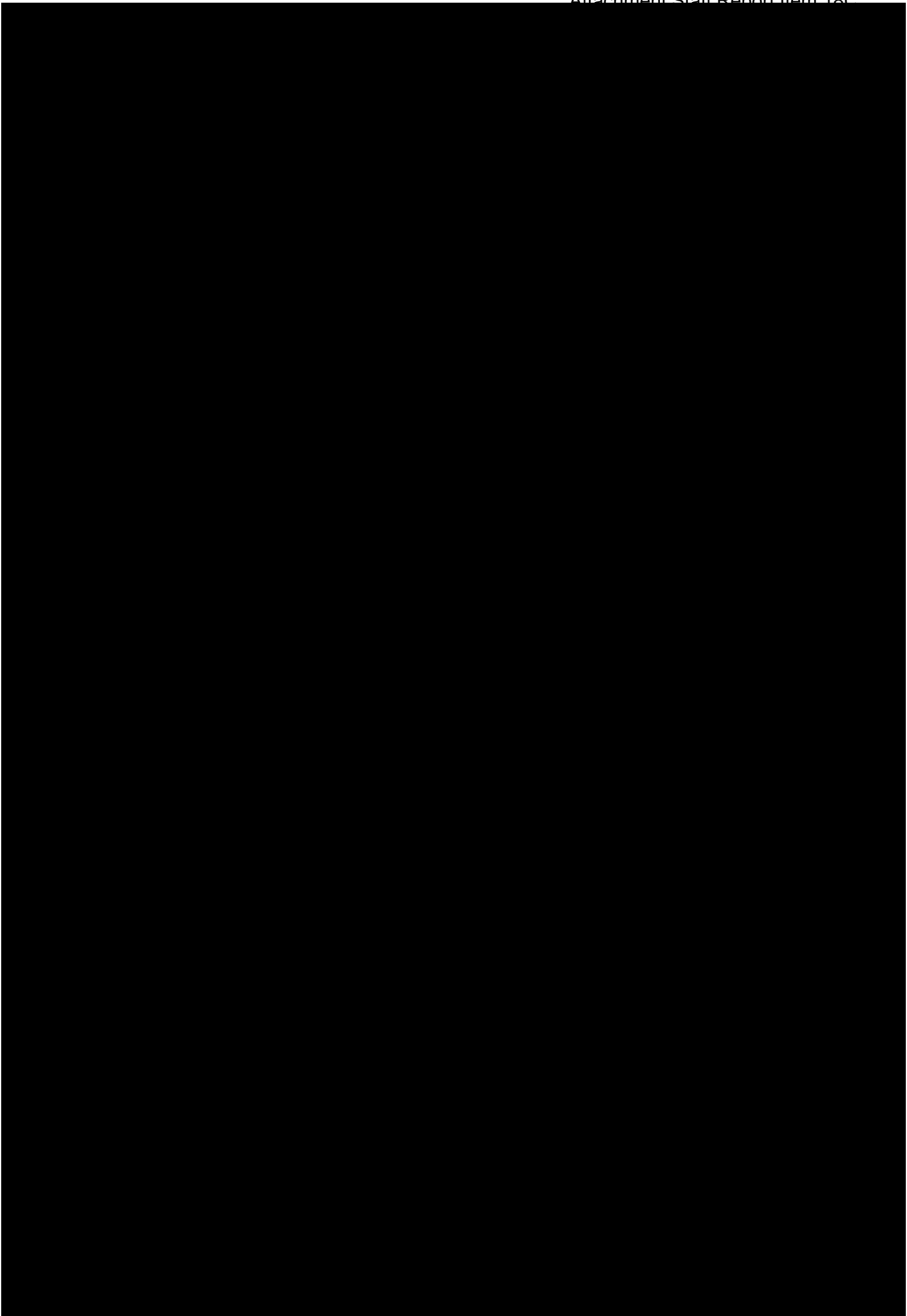
EXHIBIT S

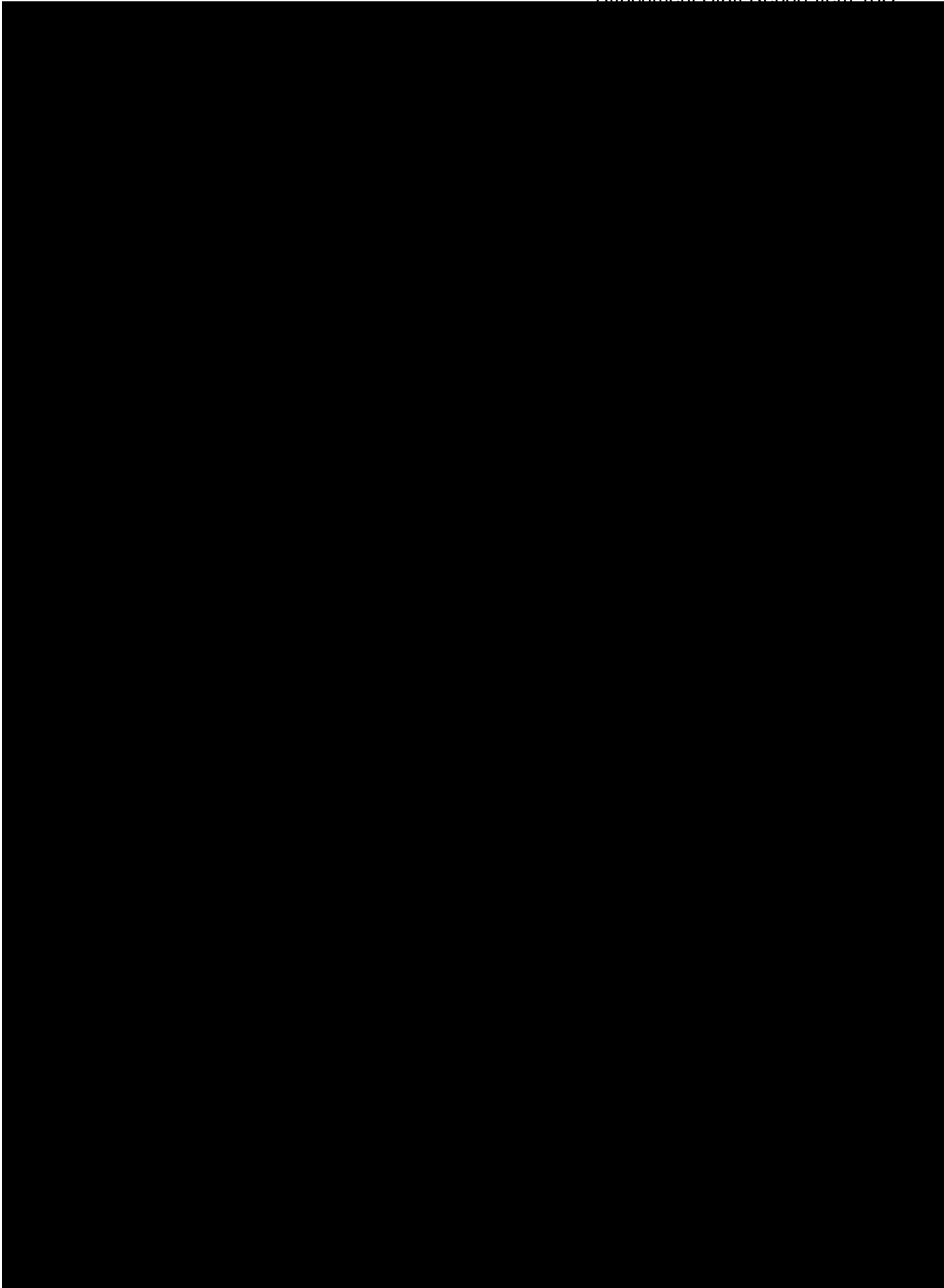
WORKFORCE DEVELOPMENT AND COMMUNITY INVESTMENT

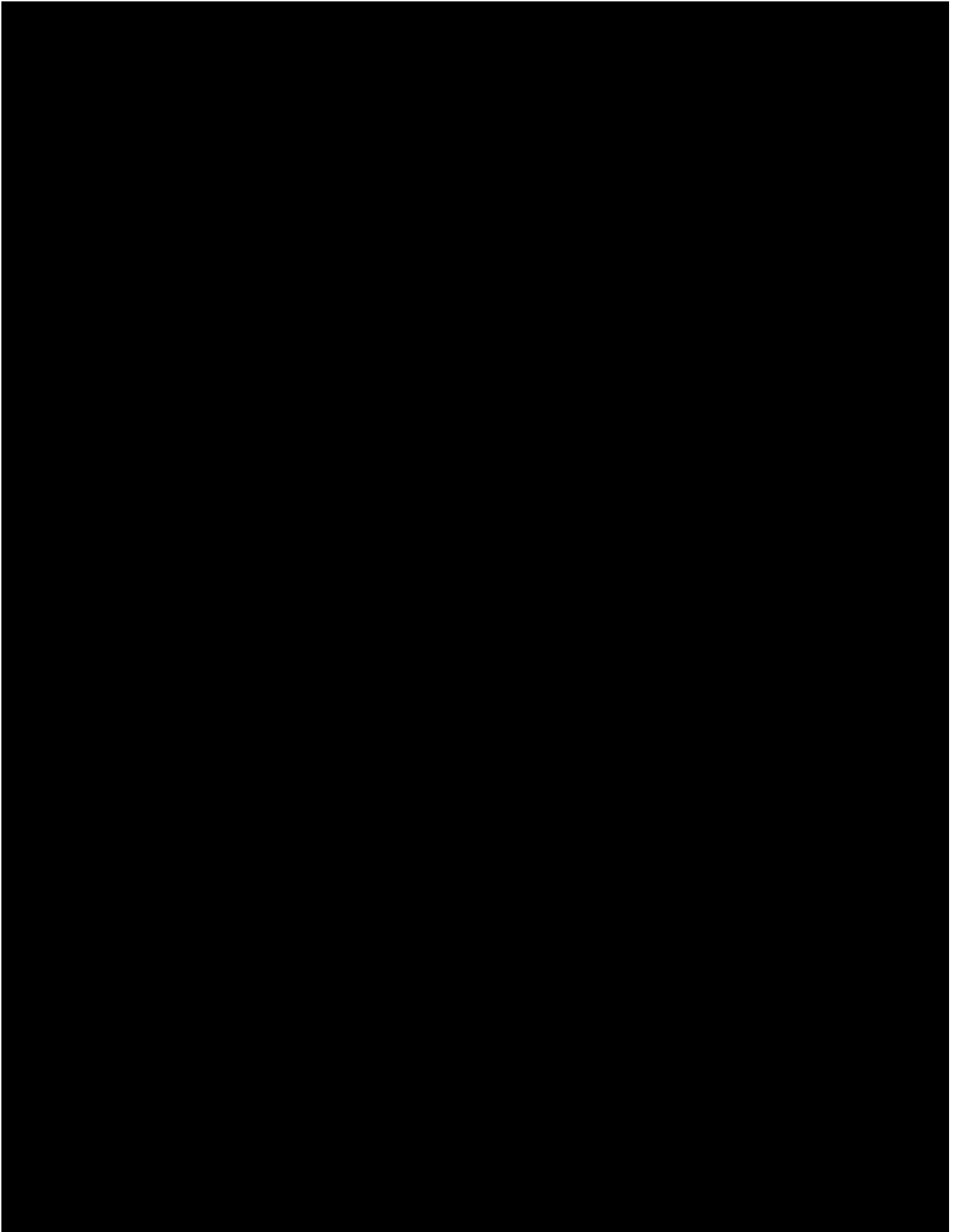


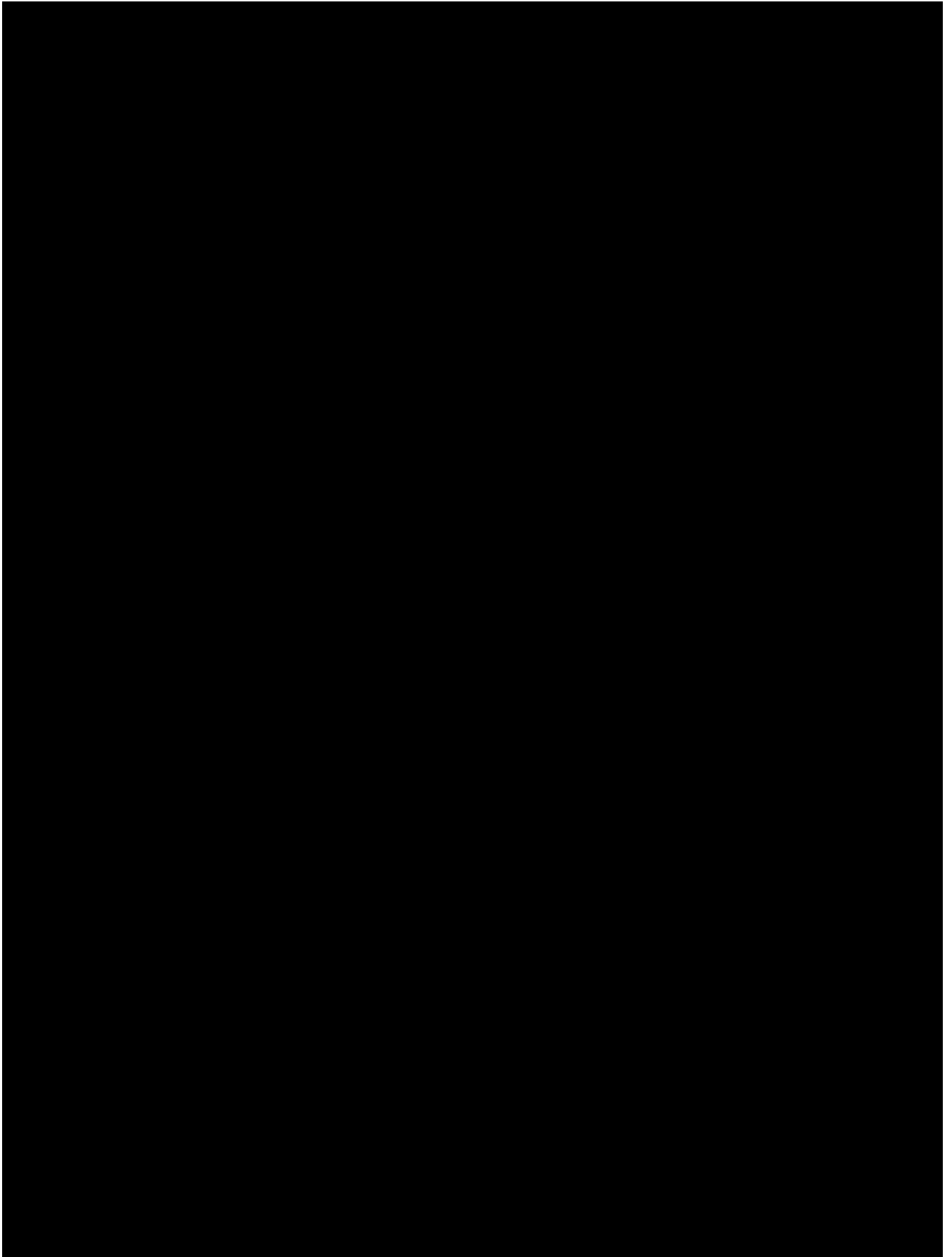


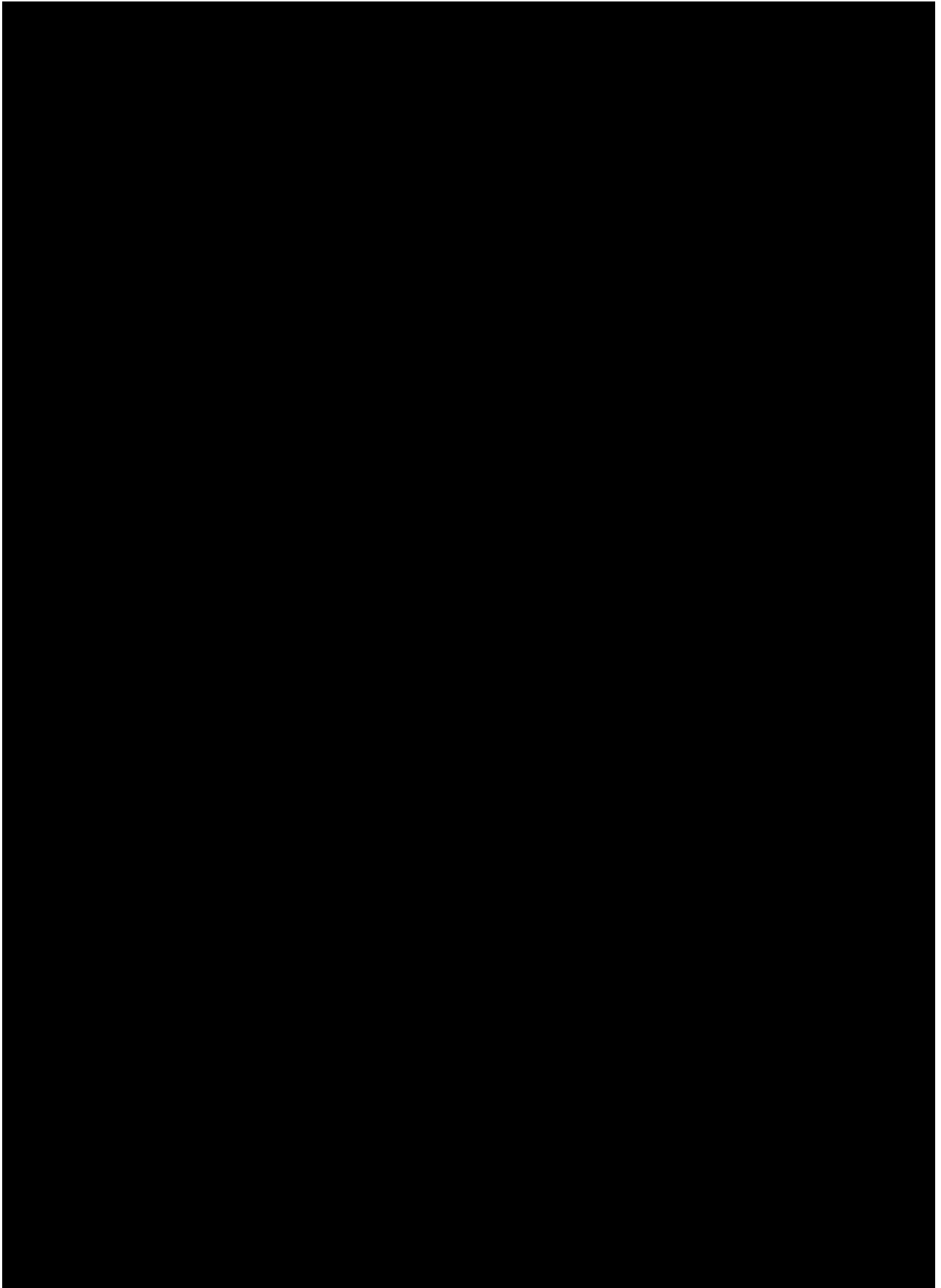


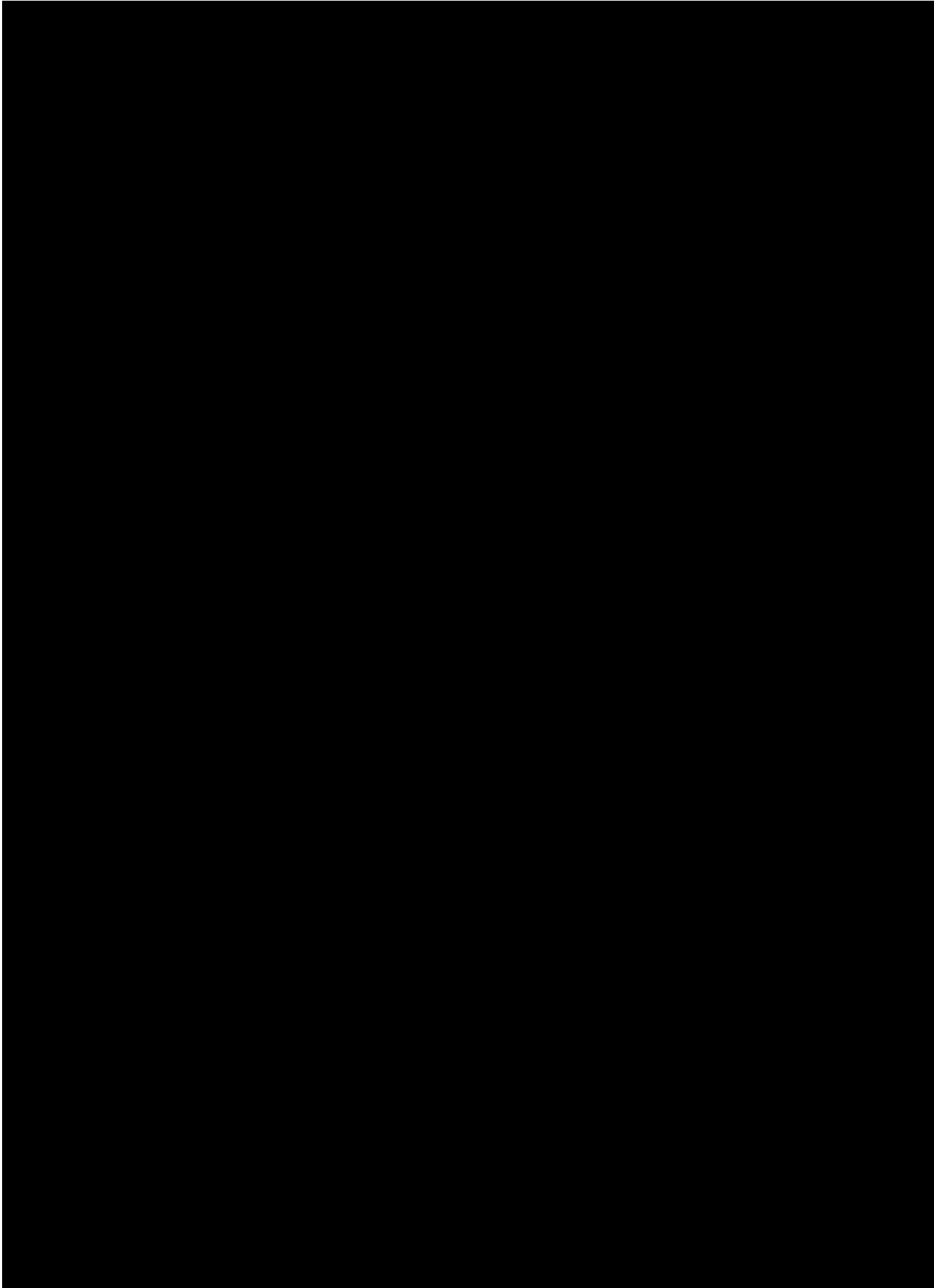


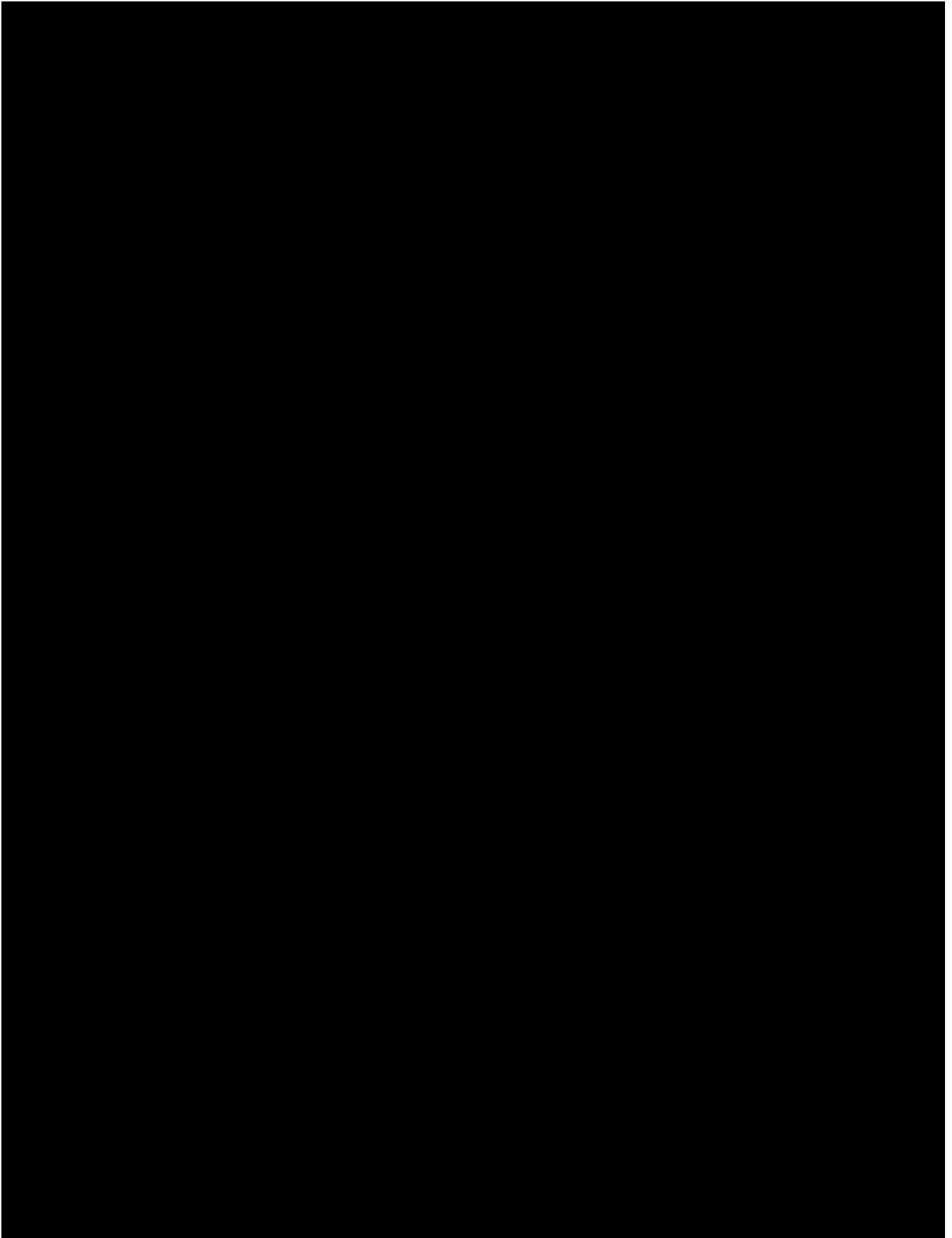


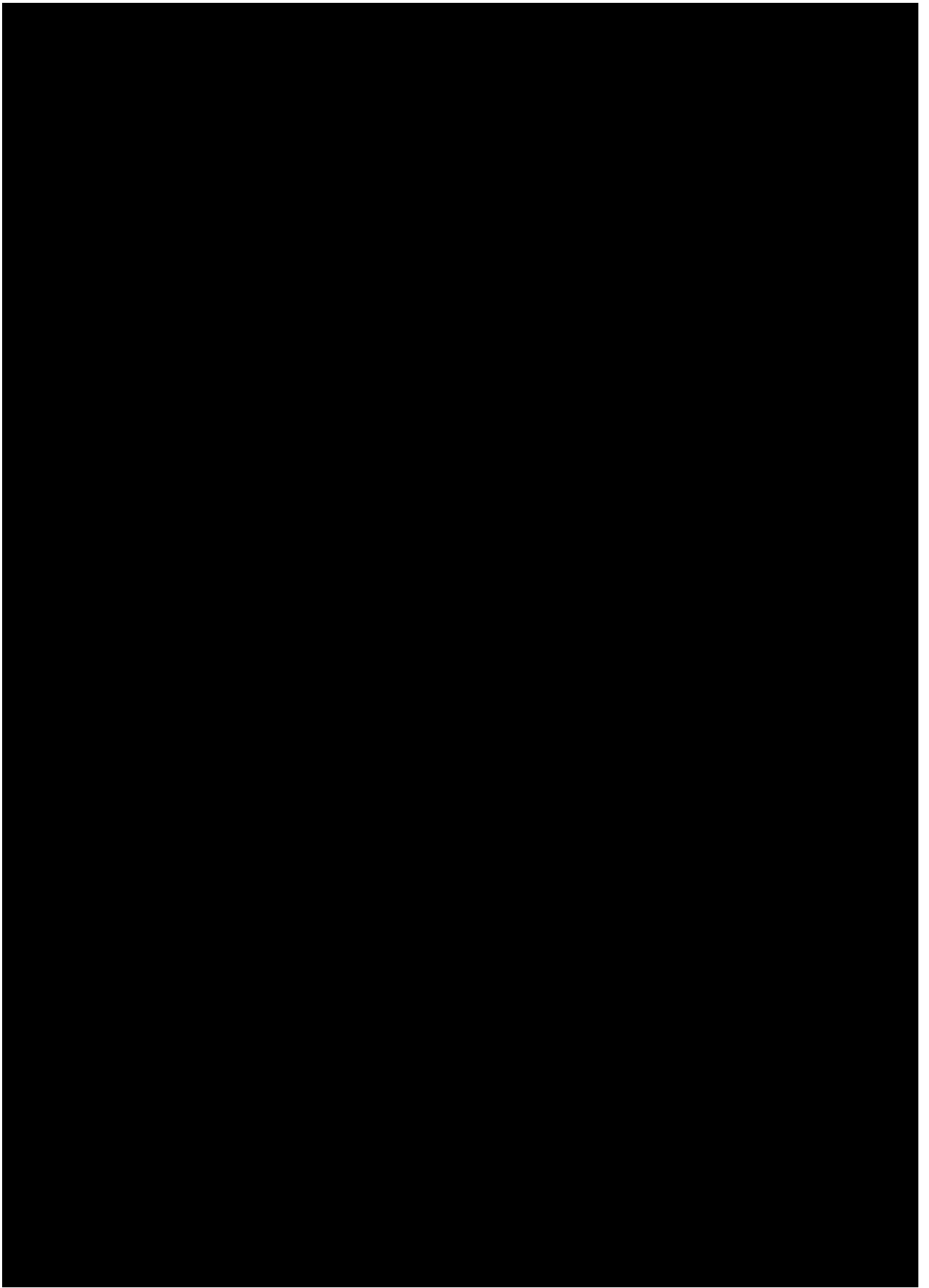


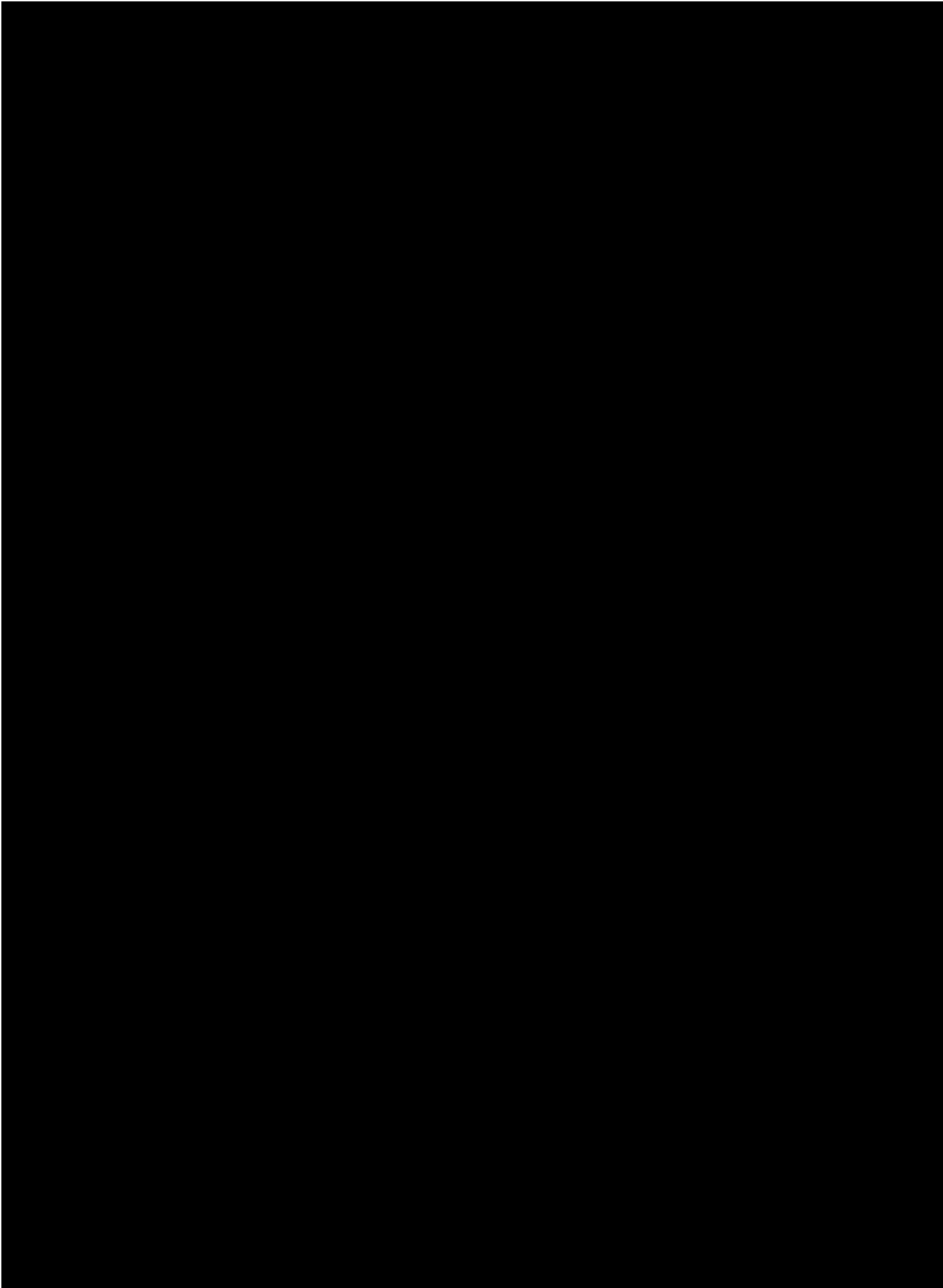


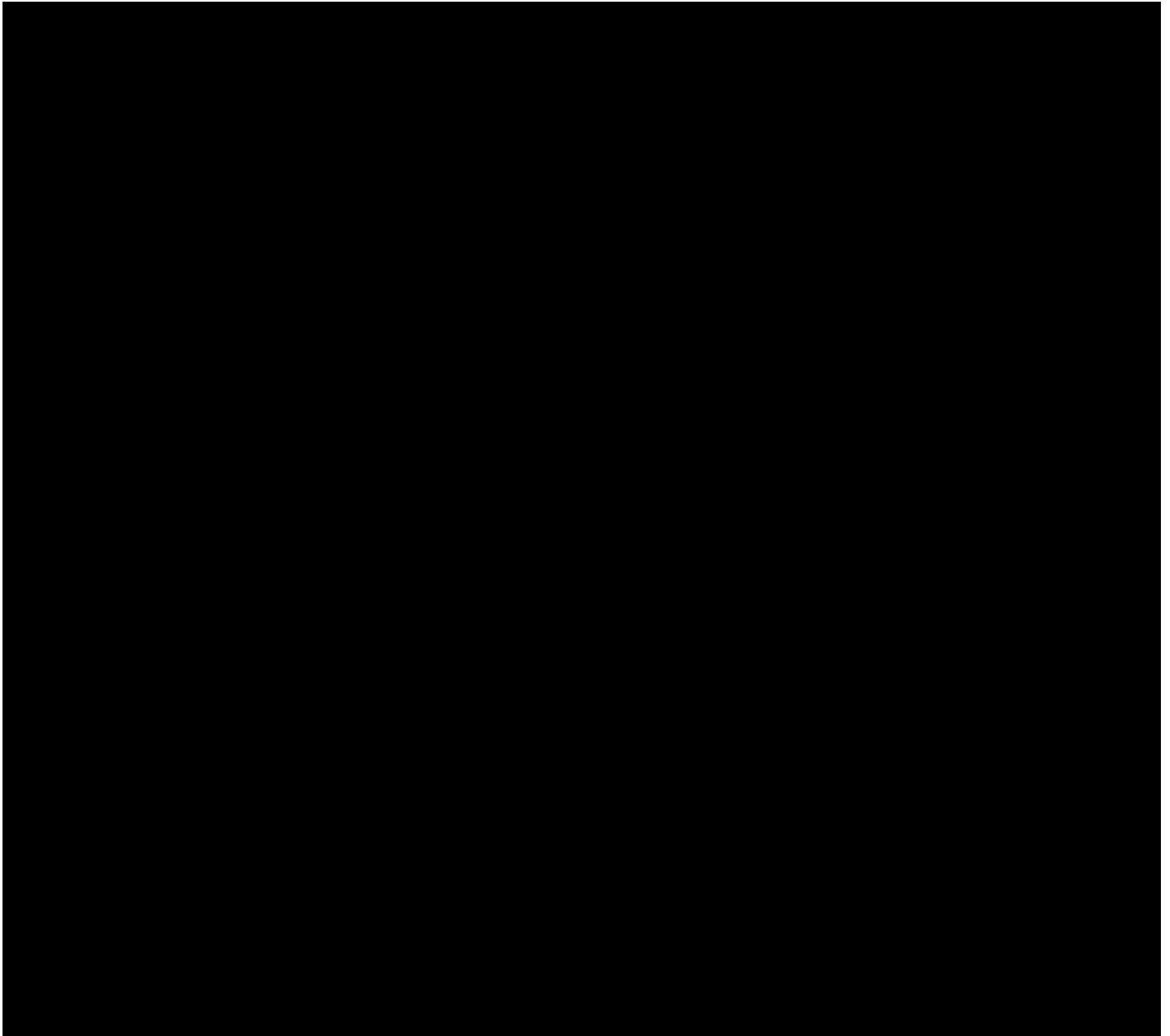


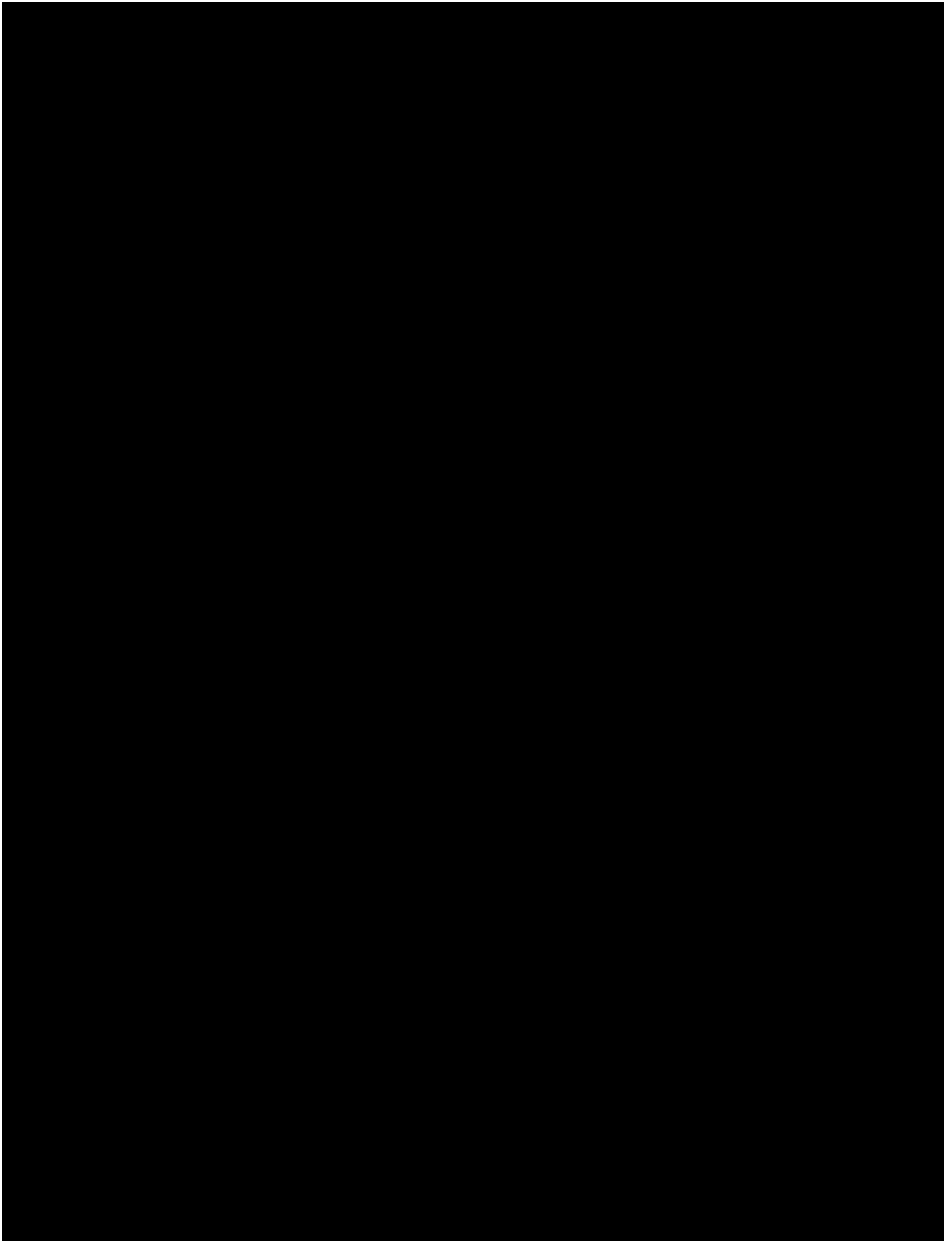


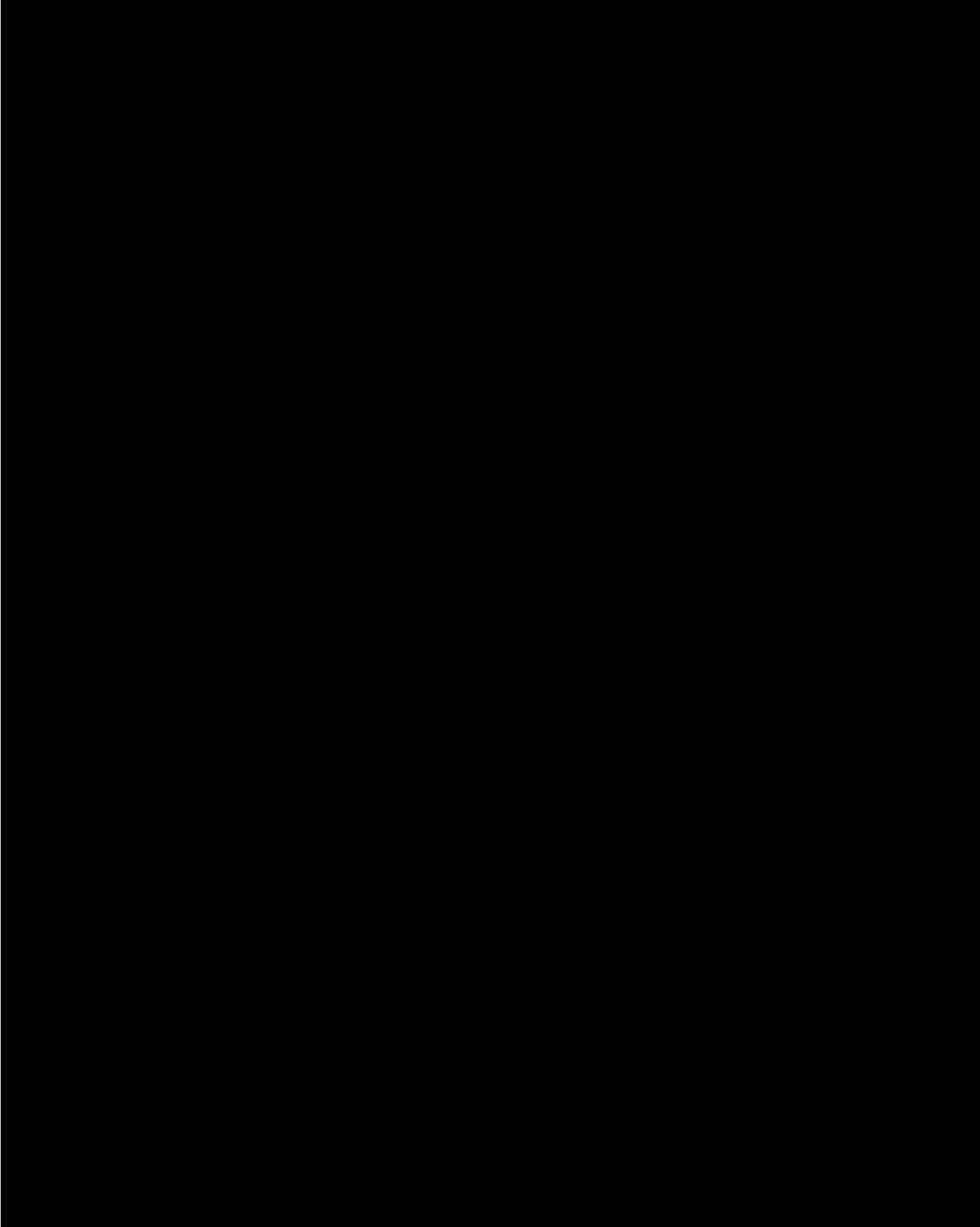


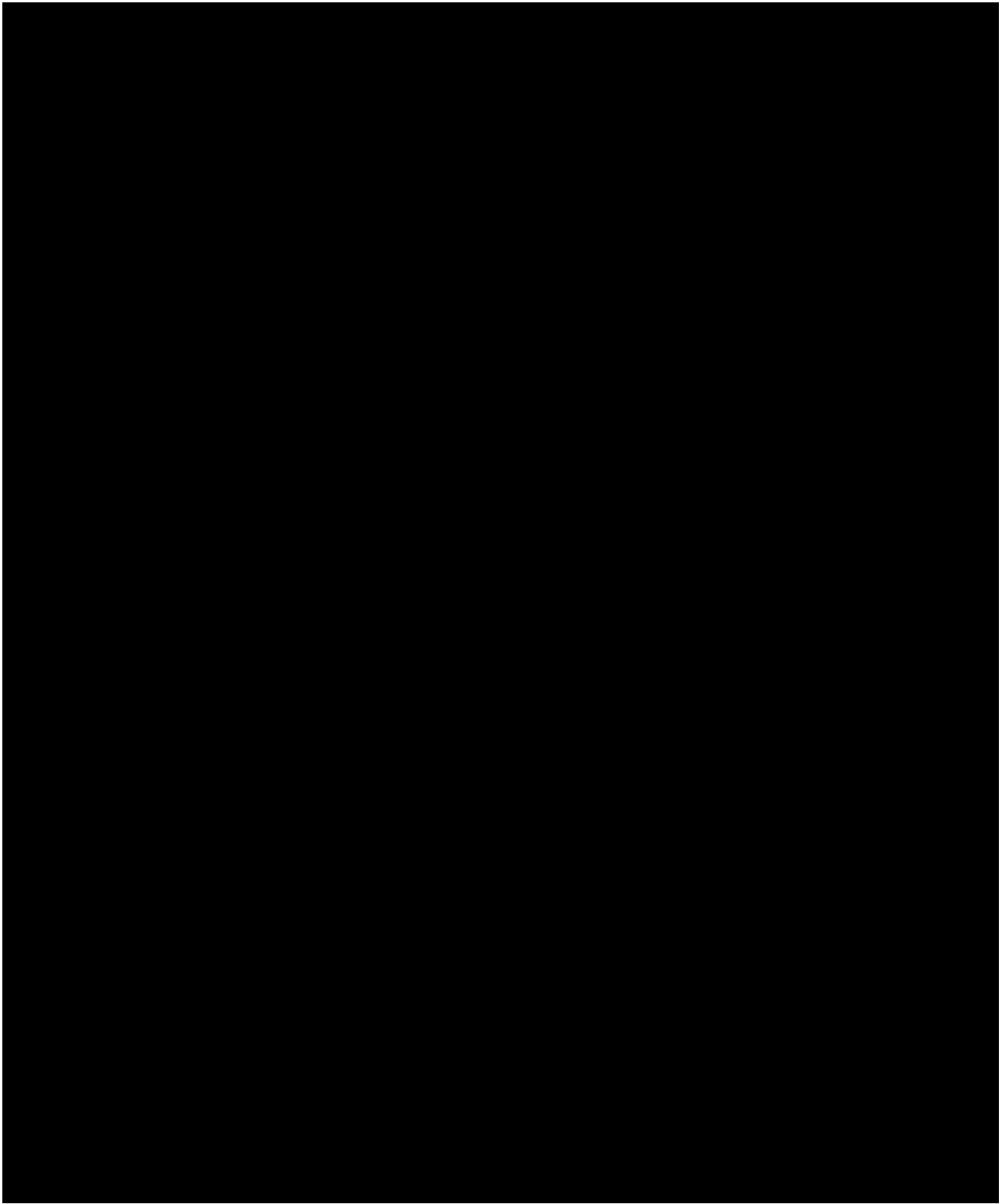


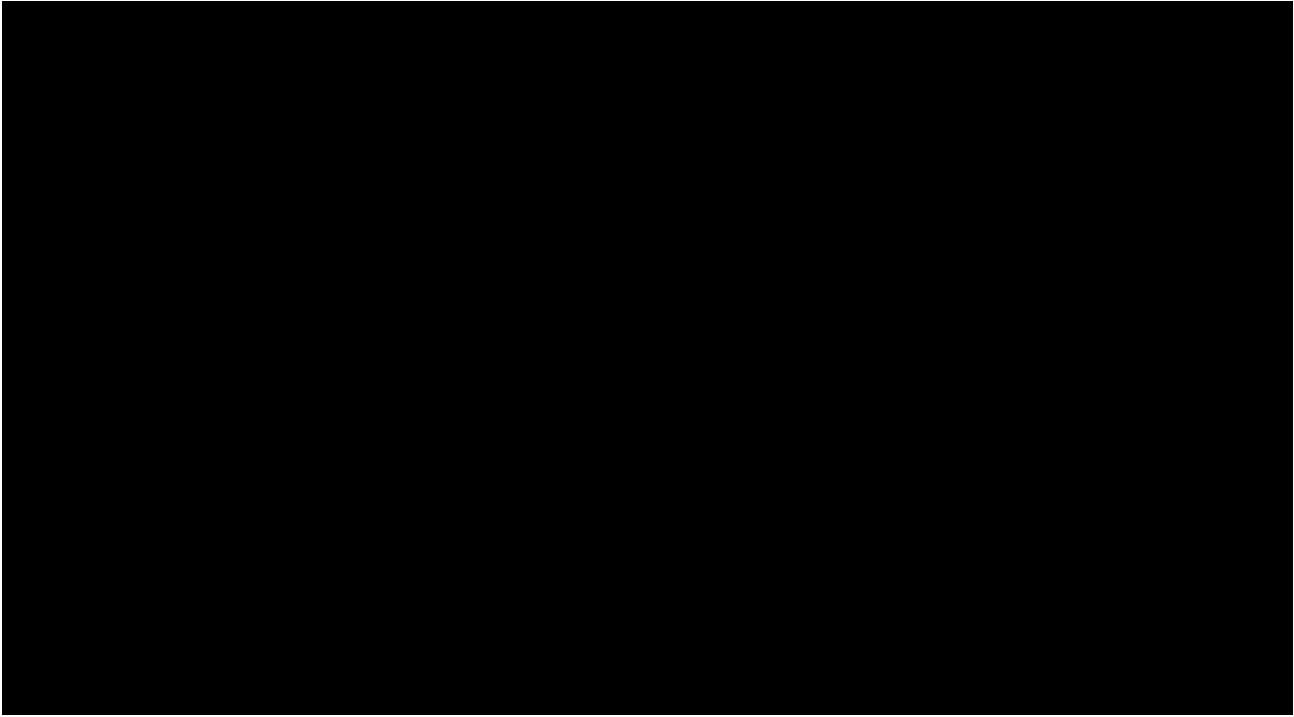












Appendix 4

Copy of PPA

[To be attached.]

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 A TWENTY-YEAR RENEWABLE ENERGY AND BATTERY STORAGE AGREEMENT WITH SAN GABRIEL PROJECT III 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 a 2023 Long-Term Resources Request for Offers (“RFO”) in March 2023;

WHEREAS San Gabriel Project III LLC proposed a 100 mega-watt (“MW”) 400 mega-watt hour (“MWh”) lithium-ion battery storage project located in Los Angeles County, CA to be developed by Aypa Power Development LLC (“Aypa Gabriel BESS Project”);

WHEREAS the Aypa Gabriel BESS Project is expected to be operational by June 1, 2027, and will provide energy optimization and associated, energy storage ancillary services, and resource adequacy (“RA”) for the term of 20 years;

WHEREAS the Aypa Gabriel BESS Project was evaluated against other offers received in the RFO.

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

Section 1. The CEO, in consultation with Ava staff and legal counsel, is hereby authorized to negotiate and execute an agreement with contracting entity San Gabriel Project III LLC for the Aypa Gabriel BESS Project.

ADOPTED AND APPROVED this 12th day of June, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

CONFIDENTIAL: Aypa 5.24.2024 DRAFT

ENERGY STORAGE SERVICE AGREEMENT**COVER SHEET****Seller:** San Gabriel Project III LLC (“**Seller**”)**Buyer:** Ava Community Energy Authority, a California joint powers authority (“**Buyer**”)**Description of Facility:** A 100 MW_{AC} / 400 MWh_{-AC} grid-connected battery energy storage facility as further described below (the “**Facility**”), located in Los Angeles County, in the State of California, as further described in Exhibit A.**Milestones:**

Milestone	Date for Completion
Evidence of Site Control	████████
Executed Interconnection Agreement	████████
Obtain Federal and State Discretionary Permits	████████
Network Upgrades Completed	████████
Procure Major Equipment	████████
Expected Construction Start Date	████████
Initial Synchronization	████████
Expected Commercial Operation Date	6/1/2027
Full Capacity Deliverability Status Obtained	████████

Delivery Term: The period for Product delivery will be for twenty (20) Contract Years.**Storage Contract Capacity:** 100 MW for four (4) hours**Storage Contract Output:** 400 MWh**Guaranteed Efficiency Rate:**

Contract Year	Guaranteed Efficiency Rate
1	████████
2	
3	
4	
5	

6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		

Minimum Round-Trip Efficiency: [REDACTED]

Contract Price

The Storage Rate shall be:

Contract Year	Storage Rate
1 – 20	[REDACTED]

Metering Arrangement: CAISO Metered Entity

Delivery Point: Facility PNode

Product:

- Discharging Energy
- Storage Capacity
- Capacity Attributes (select options below as applicable)
 - Energy Only Status
 - Full Capacity Deliverability Status
- Ancillary Services

Scheduling Coordinator: Buyer or Buyer's agent

Development Security and Performance Security

Development Security: [REDACTED]

Performance Security: [REDACTED]

TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS	1
1.1 Contract Definitions	1
1.2 Rules of Interpretation	19
ARTICLE 2 TERM; CONDITIONS PRECEDENT	20
2.1 Contract Term	20
2.2 Conditions Precedent	20
2.3 Development; Construction; Progress Reports	21
2.4 Remedial Action Plan	21
ARTICLE 3 PURCHASE AND SALE	22
3.1 Purchase and Sale of Product	22
3.2 [Reserved]	22
3.3 Imbalance Energy	22
3.4 [Reserved]	22
3.5 [Reserved]	22
3.6 [Reserved]	22
3.7 Capacity Attributes	22
3.8 Resource Adequacy Failure	23
3.9 [Reserved]	23
3.10 CPUC Mid-Term Reliability Requirements	23
3.11 [Reserved]	24
3.12 Compliance Expenditure Cap	24
ARTICLE 4 OBLIGATIONS AND DELIVERIES	25
4.1 Delivery	25
4.2 Title and Risk of Loss	25
4.3 Forecasting	25
4.4 Dispatch Down/Curtailment	26
4.5 Charging Energy Management	27
4.6 Reduction in Delivery Obligation	29
4.7 [Reserved]	30
4.8 Storage Availability	30
4.9 Storage Capacity Tests	30
4.10 Interconnection Capacity	31
4.11 Station Use	32
4.12 Facility Operations and Maintenance	32
ARTICLE 5 TAXES	32
5.1 Allocation of Taxes and Charges	32
5.2 Cooperation	32
ARTICLE 6 MAINTENANCE OF THE FACILITY	32
6.1 Maintenance of the Facility	32
6.2 Maintenance of Health and Safety	33

6.3	Shared Facilities	33
ARTICLE 7 METERING		33
7.1	Metering	33
7.2	Meter Verification	33
ARTICLE 8 INVOICING AND PAYMENT; CREDIT		34
8.1	Invoicing	34
8.2	Payment	34
8.3	Books and Records	35
8.4	Payment Adjustments; Billing Errors	35
8.5	Billing Disputes	35
8.6	Netting of Payments	35
8.7	Seller's Development Security	36
8.8	Seller's Performance Security	36
8.9	First Priority Security Interest in Cash or Cash Equivalent Collateral	36
8.10	[REDACTED]	
ARTICLE 9 NOTICES		37
9.1	Addresses for the Delivery of Notices	37
9.2	Acceptable Means of Delivering Notice	37
ARTICLE 10 FORCE MAJEURE		38
10.1	Definition	38
10.2	No Liability If a Force Majeure Event Occurs	39
10.3	Notice	39
10.4	Termination Following Force Majeure Event	39
ARTICLE 11 DEFAULTS; REMEDIES; TERMINATION		40
11.1	Events of Default	40
11.2	Remedies; Declaration of Early Termination Date	42
11.3	Termination Payment	43
11.4	Notice of Payment of Termination Payment	43
11.5	Disputes With Respect to Termination Payment	43
11.6	Rights And Remedies Are Cumulative	44
11.7	[REDACTED]	
ARTICLE 12 LIMITATION OF LIABILITY AND EXCLUSION OF WARRANTIES		44
12.1	No Consequential Damages	44
12.2	Waiver and Exclusion of Other Damages	44
ARTICLE 13 REPRESENTATIONS AND WARRANTIES; AUTHORITY		45
13.1	Seller's Representations and Warranties	45
13.2	Buyer's Representations and Warranties	46
13.3	General Covenants	47
13.4	Prevailing Wage and Workforce Development	47
13.5	[Reserved]	48

13.6	Community Investment	48
ARTICLE 14 ASSIGNMENT		48
14.1	General Prohibition on Assignments	48
14.2	Collateral Assignment	48
14.3	Permitted Assignment by Seller.	50
14.4	Buyer Limited Assignment Right.	51
ARTICLE 15 DISPUTE RESOLUTION		51
15.1	Governing Law	51
15.2	Dispute Resolution.	51
ARTICLE 16 INDEMNIFICATION		52
16.1	Indemnification.	52
16.2	Notice of Claim.	52
16.3	Failure to Provide Notice.	52
16.4	Defense of Claims.	52
16.5	Subrogation of Rights	53
16.6	Rights and Remedies are Cumulative	53
ARTICLE 17 INSURANCE		53
17.1	Insurance	53
ARTICLE 18 CONFIDENTIAL INFORMATION		54
18.1	Definition of Confidential Information	54
18.2	Duty to Maintain Confidentiality	55
18.3	Irreparable Injury; Remedies.	55
18.4	Disclosure to Lenders, Etc.	55
18.5	Press Releases	55
ARTICLE 19 MISCELLANEOUS		56
19.1	Entire Agreement; Integration; Exhibits.	56
19.2	Amendments	56
19.3	No Waiver	56
19.4	No Agency, Partnership, Joint Venture or Lease	56
19.5	Severability	56
19.6	Mobile-Sierra	56
19.7	Counterparts; Electronic Signatures.	57
19.8	Electronic Delivery	57
19.9	Binding Effect	57
19.10	No Recourse to Members of Buyer	57
19.11	Forward Contract	57
19.12	Service Contract	57
19.13	Further Assurances	57

Exhibits:

Exhibit A	Facility Description
Exhibit B	Facility Construction and Commercial Operation
Exhibit C	Compensation
Exhibit D	Scheduling Coordinator Responsibilities
Exhibit E	Progress Reporting Form
Exhibit F	Form of Monthly Forecast
Exhibit G	[Reserved]
Exhibit H	Form of Commercial Operation Date Certificate
Exhibit I	Form of Installed Capacity Certificate
Exhibit J	Form of Construction Start Date Certificate
Exhibit K	Form of Letter of Credit
Exhibit L	Form of Guaranty
Exhibit M	Form of Replacement RA Notice
Exhibit N	Notices
Exhibit O	Storage Capacity Tests
Exhibit P	Storage Facility Availability
Exhibit Q	Operating Restrictions
Exhibit R	Metering Diagram
Exhibit S	Community Investment

ENERGY STORAGE SERVICE AGREEMENT

This Energy Storage Service 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.

“**Actual Monthly NOC**” means the amount of Net Qualifying Capacity from the Facility that is eligible to count toward meeting Resource Adequacy Requirements by both the CPUC and CAISO.

“**Administrative NOC Reduction**” means a reduction in the maximum achievable Net Qualifying Capacity of the Facility able to be shown for each hour of the Resource Duration due to a reduction that has been generally applied to resources materially similar to the Facility in terms of type, market and operational characteristics (including those characteristics specified in the CPUC Master Resource Database), including any methodology that incorporates fleet averages or other average outage rates.

“**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” and “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. Notwithstanding the foregoing, with respect to Seller, “Affiliates” shall mean Ultimate Parent and any of its subsidiaries that satisfy the requirements set forth in this definition; *provided, however*, that the term “Affiliate,” when used with respect to Seller shall not include any direct or indirect tax equity investor.

“**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 all ancillary services, products and other attributes, that can be produced by the Facility, as listed in Exhibit Q, and any other ancillary services added to the Agreement in accordance with Section 4.5(g).

“**Approved Maintenance Hours**” means up to one hundred twenty (120) hours of full capacity equivalent hours of Planned Outages each Contract Year during the calendar months October through May, provided that such Planned Outages are scheduled in accordance with Section 4.6(a).

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

“**Availability Notice**” means Seller’s availability forecasts issued pursuant to Section 4.3 with respect to the available Storage Capacity, which shall include any updates from Seller with respect to Facility outages or availability as reported to CAISO (including as reported in OMS).

“**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.

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

“**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 Delay**” means Buyer has not made all necessary arrangements to deliver Charging Energy to, and receive Discharging Energy at, the Delivery Point in accordance with Exhibit D, and such failure is not the result of a Seller delay or Seller failure satisfy its obligations in in accordance with Exhibit D.

“**Buyer Dispatched Test**” has the meaning set forth in Section 4.9(a).

“**Buyer Failure**” means a failure by Buyer (or its agents) to perform Buyer’s obligations hereunder and includes an Event of Default of Buyer.

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

“**CAISO Approved Meter**” means a CAISO approved revenue quality meter or meters, metering scheme, CAISO approved data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time Charging Energy and Discharging Energy.

“**CAISO Certification**” means the certification and testing requirements for a storage unit set forth in the CAISO Tariff that are applicable to the Facility, including certification and testing for all applicable Ancillary Services, PMAX, and PMIN.

“**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.

“**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 Attributes are measured in MW and shall exclude Energy and any Incentives now or in the future associated with the construction, ownership or operation of the Facility.

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

“**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, more than 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 and any trustee or agent or similar representative thereof acting on their behalf) or assignee or transferee thereof shall be excluded from the total outstanding equity interests in Seller.

“Charging Energy” means the energy delivered to the Facility pursuant to a Charging Notice, as measured by the 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 or Buyer’s SC to Seller, directing the Facility to charge with Charging Energy at a specific MW rate for a specified period of time or to a specified Stored Energy Level; *provided*, (a) any such operating instruction shall be in accordance with the Operating Restrictions, and (b) any such “Charging Notice” may be adjusted in accordance with Section 4.5. For the avoidance of doubt, any Buyer request to initiate a Storage Capacity Test consistent with Section 4.9 shall be considered a Charging Notice.

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

“COD Delay Damages” means an amount equal to [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.

“Communications Protocols” means certain procedures and protocols regarding communication with respect to the operation of the Storage Facility pursuant to this Agreement.

“Compliance Actions” has the meaning set forth in Section 3.12(b).

“Compliance Expenditure Cap” has the meaning set forth in Section 3.12(a).

“Confidential Information” has the meaning set forth in Section 18.1.

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

“Construction Delay Damages” means an amount equal to [REDACTED]

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

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

“Contract Price” has the meaning set forth on the Cover Sheet. For [REDACTED]

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

“Contract Year” means a period of twelve (12) consecutive months. The first Contract Year shall commence on the Commercial Operation Date and each subsequent Contract Year shall commence on the anniversary of the Commercial Operation Date.

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions and other similar third-party transaction costs and expenses reasonably incurred by such 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.

“COVID-19” has the meaning set forth in Section 10.1(b).

“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.

“CPUC System RA Penalty” means the Tier 1 System RA Penalties assessed against LSEs by the CPUC for RA deficiencies that are not replaced or cured, as established in the Resource Adequacy Rulings and subsequently incorporated into the annual “Filing Guide for System, Local and Flexible Resource Adequacy Compliance Filings” that is issued by the CPUC Energy Division, which is expected to be updated annually, or any replacement or successor documentation established by the CPUC Energy Division to reflect RA penalties that are established by the CPUC and assessed against LSEs for RA deficiencies.

“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.

“Curtailment Order” means any of the following:

- (a) CAISO orders, directs, alerts, or provides notice to a Party, including a CAISO Operating Order, to curtail deliveries of Charging Energy or Discharging Energy for the following reasons: (i) any System Emergency, or (ii) any warning of an anticipated System Emergency, or warning of an imminent condition or situation, which jeopardizes CAISO’s electric system integrity or the integrity of other systems to which CAISO is connected;

(b) a curtailment ordered by the Participating Transmission Owner for reasons including, but not limited to, (i) any situation that affects normal function of the electric system including, but not limited to, any abnormal condition that requires action to prevent circumstances such as equipment damage, loss of load, or abnormal voltage conditions, or (ii) any warning, forecast or anticipation of conditions or situations that jeopardize the Participating Transmission Owner's electric system integrity or the integrity of other systems to which the Participating Transmission Owner is connected;

(c) a curtailment ordered by CAISO or the Participating Transmission Owner due to scheduled or unscheduled maintenance on the Participating Transmission Owner's transmission;

(d) facilities that prevent (i) Buyer from receiving or (ii) Seller from delivering Charging Energy to the Facility and/or Discharging Energy to the Delivery Point; or

(e) a curtailment in accordance with the obligations applicable to the Facility under the Interconnection Agreement with the Participating Transmission Owner or distribution operator.

“Curtailment Period” means the period of time, as measured using current Settlement Intervals, during which Seller reduces generation from the Facility pursuant to a Curtailment Order.

“Cycle” means a quantity of Discharging Energy (in MWh) equal to the Storage Contract Output.

“Damage Payment” means the dollar amount equal to the amount of the Development Security set forth on the Cover Sheet.

“Day-Ahead Forecast” has the meaning set forth in Section 4.3(c).

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

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

“Deemed Delivered RA” means the amount of RA expressed in MW that the Facility would have delivered, but for (a) the failure of Buyer to (i) obtain any rights or capacities that Buyer is required to obtain, or take any other action that Buyer is required to take, in order for Seller to provide or Buyer to make use of the Capacity Attributes of the Facility, (ii) timely submit a Supply Plan for the Facility after the Facility has received a Net Qualifying Capacity from CAISO, in each case as may be required under applicable Law and as may change from time to time, (b) 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).

“Delivered RA” means, in the applicable Showing Month, the sum, in MW, of (a) the Net Qualifying Capacity of the Facility for such month able to be shown for each hour of the Resource Duration on Buyer's monthly or annual Resource Adequacy Plan to the CAISO and CPUC and

counted as Resource Adequacy Benefits by both the CAISO and CPUC, (b) Replacement RA, and (c) Deemed Delivered RA.

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

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

“**Development Cure Period**” has the meaning set forth in Exhibit B.

“**Development Security**” means [REDACTED]

“**Discharging Energy**” means all energy delivered to the Delivery Point from the Facility, 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. For the avoidance of doubt, all Discharging Energy will have originally been delivered to the Facility as Charging Energy.

“**Discharging Notice**” means the operating instruction, and any subsequent updates, given by Buyer to Seller, directing the 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 Restrictions, and (b) any such “Discharging Notice” may be adjusted in accordance with Section 4.5(d). For the avoidance of doubt, any Discharging Notice shall not constitute a Curtailment Order.

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

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

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

“**Electrical Losses**” means all transmission or transformation losses between the Facility Meter and the Delivery Point for the receipt of Charging Energy and delivery of Discharging Energy, calculated in accordance with CAISO approved methodologies applicable to revenue metering.

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

“**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.

“**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, Network Upgrades and Interconnection Facilities (other than Seller’s 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.

“**Facility Meter**” means the 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 Discharging Energy.

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

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

“**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 receiving Charging Energy or making Discharging Energy available at the Delivery Point and that is not the result of a Force Majeure Event.

“**Full Capacity Deliverability Status**” has the meaning as such term is defined in the CAISO Tariff.

“**Full Capacity Deliverability Status Finding**” means a written confirmation from the CAISO that the Facility is eligible for Full Capacity Deliverability Status.

“**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, which economic benefit (if any) shall be deemed the gain (if any) to such Non-Defaulting Party represented by, (a) if Buyer is the Non-Defaulting Party, the positive difference between the present value of the payments required to be made by Buyer during the remaining Contract Term of this Agreement and the present value of the payments that would be required to be made by Buyer under any transaction(s) replacing this Agreement, regardless of whether Buyer enters any such replacement transactions, and (b) if Seller is the Non-Defaulting Party, the positive difference between 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, regardless of whether Seller enters any such replacement transactions, and the present value of the payments required to be made to Seller during the remaining Contract Term of this Agreement. 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 Capacity Attributes.

“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; *provided, however*, that “Governmental Authority” for purposes of this Agreement shall not in any event include any Party.

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

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

“Guaranteed RA Amount” means

“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” means, with respect to Seller, (a) an Affiliate of Seller with an Investment Grade Credit Rating, or (b) any Person reasonably acceptable to Buyer, that (i) has an [REDACTED], (ii) has a tangible net worth of at least [REDACTED], (iii) is incorporated or organized in a jurisdiction of the United States and is in good standing in such jurisdiction, and (iv) executes and delivers a Guaranty for the benefit of Buyer.

“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 Charging Energy or Discharging Energy deviates from the amount of Scheduled Energy.

“Incentives” means: (a) any federal, state, or local tax benefits, credits or other incentives, including depreciation, associated with the construction, ownership, or production of electricity from the Facility (including credits under Sections 38, 45, 46 and 48 of the Internal Revenue Code of 1986, as amended); and (b) any federal, state, or local cash payments, grants, subsidies or other like benefits relating in any way to the Facility.

“Indemnifiable Event” has the meaning set forth in Section 16.1.

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

“**Initial Synchronization**” means the earlier of a) initial delivery of Discharging Energy to the Delivery Point or b) the initial receipt of Charging Energy at the Delivery Point.

“**Installed Battery Capacity**” means the maximum dependable operating capability of the Facility to discharge electric energy as measured in MW at the Delivery Point, that achieves Commercial Operation, (up to but not in excess of the Storage Contract Capacity set forth on the Cover Sheet), 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.

“**Interconnection Agreement**” means that certain Large Generator Interconnection Agreement associated with CAISO Queue position 2113 among Seller or Seller’s Affiliate, the CAISO, and the Participating Transmission Owner, pursuant to which the Facility will be interconnected with the Transmission System, 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 United States Internal Revenue Code of 1986.

“**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.

“**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.

“Lender” means, collectively, any Person (i) providing senior or subordinated construction, interim, back leverage or long-term debt, equity, or tax equity, tax credit or cash financing or refinancing for or in connection with the development, construction, purchase, installation or operation of the Facility, whether that financing or refinancing takes the form of private debt (including back-leverage debt), equity (including 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 (including equity or tax equity investor) 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 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 the U.S. branch of a foreign bank, having assets of at least [REDACTED], and with such bank having a Credit Rating of at least A- from S&P or A3 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.

“Local Capacity Area Resources” has the meaning set forth in the CAISO Tariff.

“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, regardless of whether Buyer enters any such replacement transactions, 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, regardless of whether Seller enters any such replacement transactions. 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 Capacity Attributes and Incentives (calculated on an after-tax basis).

“**Major Subcontractors**” means any first-tier subcontractor of Seller with which Seller has an agreement having an aggregate value in excess of [REDACTED] for performance of any part of the work at the Site.

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

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

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

“**Milestones**” means the development activities for significant permitting, interconnection, financing and construction milestones set forth on the Cover Sheet.

“**Monthly 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 Interval, the Real-Time Market at the Facility’s PNode is less than [REDACTED]

“**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 CAISO Tariff.

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

“**Non-dispatchable Capacity**” has the meaning set forth in Section 4.9(d).

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

“Outage Management System” or **“OMS”** has the meaning set forth in the CAISO Tariff.

“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 Security” means [REDACTED]

“Permitted Transferee” means (a) any Affiliate of Seller or (b) any entity that has, or is controlled by another Person that satisfies the following requirements:

(a) A tangible net worth of [REDACTED] or a Credit Rating of at least [REDACTED] from S&P, [REDACTED] - from Fitch, or [REDACTED] from Moody's; and

(b) Has at least [REDACTED] experience in the ownership and operations of storage facilities similar to the Facility, or has retained a third-party with such operations experience to operate the Facility.

“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).

“Prevailing Wage Requirement” has the meaning set forth in Section 13.4.

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

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

“Prudent Operating Practice” means (a) the applicable practices, methods and acts required by or consistent with applicable Laws and reliability criteria, and otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period with respect to grid-interconnected, utility-scale storage facilities in the Western United States, or (b) any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, 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.

“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 Guarantee Date” means the sooner of (a) the date that the Facility is first able to be included on a Supply Plan by both the CPUC and CAISO for Buyer, and (b) the date that is ninety (90) days after Commercial Operation Date, if the Commercial Operation Date occurs on or after the eleventh (11th) day of a month, and the date that is sixty (60) after the Commercial Operation Date if the Commercial Operation Date occurs prior to the eleventh (11th) day of a month.

“RA Shortfall Amount” shall be determined by calculating the difference of the Guaranteed RA Amount *minus* the Delivered RA, which 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 or CAISO 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, commencing with the Showing Month that contains the RA Guarantee Date, during which there is an RA Shortfall Amount.

“Real-Time Forecast” means any Notice of any change to the Storage Capacity 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.

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

“**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, and any Local RAR, 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**” 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 and any other existing or subsequent ruling or decision, or any other resource adequacy Law, however described, as such decisions, rulings or Laws may be amended or modified from time-to-time throughout the Delivery Term.

“**Resource Duration**” means four (4) hours.

“**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 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.

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

“**Seller Initiated Test**” has the meaning set forth in Section 4.9(a).

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

“**Settlement Amount**” means the Non-Defaulting Party’s Costs and Losses, on the one hand, netted against its Gains, on the other. If the Non-Defaulting Party’s Costs and Losses exceed its Gains, then the Settlement Amount shall be an amount owing to the Non-Defaulting Party. If the Non-Defaulting Party’s Gains exceed its Costs and Losses, then the Settlement Amount shall be [REDACTED]. The Settlement Amount does not include consequential, incidental, punitive, exemplary or indirect or business interruption damages, unless such damages are part of a Party’s Gains, Losses or Costs as those terms are explicitly defined herein.

“**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 and as shall be updated by Seller at the time Seller provides an executed Construction Start Date certificate in the form of Exhibit J to Buyer; *provided*, the Site must be within the boundaries of the previously identified Site. Seller will be permitted to remove parcels that are not included in the Site, if any, at the time Seller provides an executed Construction Start Date certificate in the form of Exhibit J to Buyer; such update, if any, will be automatically incorporated into Exhibit A and replace the information set forth as of the Effective Date without any further action of the Parties.

“Site Control” means that, on and after the Construction Start Date, Seller (or, prior to the Construction Start Date, its Affiliate): (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 while idle to power the lights, motors, cooling equipment, control systems and other electrical loads that are necessary for operation of the Facility. Any energy 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 during periods in which the Facility is charging or discharging pursuant to a Charging Notice or Discharging Notice is not Station Use ; except that solely for the purposes of the calculation of the Energy In and Energy Out as set forth Exhibit O, any energy 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 shall be Station Use for purposes of conducting such calculation and shall not be considered end use consumption.

“Storage Capacity” means (a) the maximum dependable operating capability of the 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 Facility is able to provide as the Facility is configured on the Commercial Operation Date and that relate to the maximum dependable operating capability of the Facility to discharge electric energy as the same shall be determined pursuant to Section 4.9 and Exhibit O to reflect the results of the most recently performed Storage Capacity Test, in either case (a) or (b) up to but not in excess of the Storage Contract Capacity.

“Storage Capacity Test” or **“SCT”** means any test or retest of the Storage Capacity of the 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 capacity (in MW) of the 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.

“Storage Contract Output” means the total output (product of the Storage Contract Capacity multiplied by four (4) hours, represented in MWh) of the 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.

“Storage Product” means (a) Discharging Energy, (b) Capacity Attributes, if any, (c) Storage Capacity, and (d) Ancillary Services, in each case arising from or relating to the 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 Facility available to be discharged as Discharging Energy, expressed in MWh-AC.

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

“**Subsequent Purchaser**” means the purchaser of Capacity Attributes from Buyer in a resale of such Capacity Attributes by Buyer in accordance with Section 3.7(a).

“**Supplementary Storage Capacity Test Protocol**” has the meaning set forth in Exhibit O.

“**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 a Governmental Authority, whether currently in effect or adopted during the Contract Term, 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.

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

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



“**Transmission Provider**” means any entity or entities transmitting or transporting the Charging Energy and Discharging Energy on behalf of Seller or Buyer to or from the Delivery Point.

“**Transmission System**” means the transmission facilities operated by the CAISO, now or hereafter in existence, which provide energy transmission service within the CAISO grid from the Delivery Point.

“**Ultimate Parent**” means 

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 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 such document, agreement, or 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 terms “include” and “including” and similar words means “include without limitation” or “including without limitation” and any list of examples following such term shall in no way restrict or limit the generality of the word 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*, 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 Participating Generator Agreement and a Meter Service Agreement between Seller and CAISO shall have been executed and delivered and be 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) 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;

(v) Insurance requirements for the Facility pursuant to Article 17 have been met, with evidence provided in writing to Buyer;

(vi) All applicable regulatory authorizations, approvals and permits required for 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 (or if not capable of being satisfied before the Commercial Operation Date, within ninety (90) days of the Commercial Operation Date) 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;

(vii) Seller has completed CAISO Certification of the Facility, and a copy of the CAISO Certification has been delivered to Buyer;

(viii) [Reserved]

(ix) [Reserved]

(x) Seller has delivered the Performance Security to Buyer in accordance with Section 8.8;

(xi) Seller has paid Buyer for all amounts owing under this Agreement, if any, including Construction Delay Damages and COD Delay Damages; and

(xii) The Facility has obtained Full Capacity Deliverability Status for the Storage Contract Capacity.

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 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 telephonic or video-conferenced meetings (unless otherwise agreed to by the Parties) 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.** If Seller misses (a) three (3) or more Milestones, or (b) misses any one (1) Milestone by more than [REDACTED], except as the result of Force Majeure Event or Buyer Delay, Seller shall submit to Buyer, within (i) ten (10) Business Days of third missed Milestone completion date if subpart (a) above applies, or (ii) the thirtieth (30th) day after the missed Milestone if subpart (b) above applies, a remedial action plan ("**Remedial Action Plan**"), which will describe in detail any delays (actual or anticipated) beyond the scheduled Milestone dates, including the cause of the delay, if known (e.g., governmental approvals,

financing, property acquisition, design activities, equipment procurement, project construction, interconnection, or any other factor), Seller's detailed description of its proposed course of action to achieve the missed Milestones and all subsequent Milestones by the Guaranteed Commercial Operation Date (including any extension thereof); *provided*, that delivery of any Remedial Action Plan shall not relieve Seller of its obligation to provide Remedial Action Plans with respect to any subsequent Milestones in accordance with the terms of this Agreement. Subject to the provisions of Exhibit B, so long as Seller complies with its obligations under this Section 2.4, Seller shall not be considered in default of its obligations under this Agreement solely as a result of missing any Milestone.

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. 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, including under Section 5.2, 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.

3.2 **[Reserved].**

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 payments or charges related to such Imbalance Energy shall be for the account of Buyer.

3.4 **[Reserved].**

3.5 **[Reserved].**

3.6 **[Reserved].**

3.7 **Capacity Attributes.** Seller or an Affiliate of Seller shall request Full Capacity Deliverability Status in the CAISO generator interconnection process and the Facility shall obtain Full Capacity Deliverability Status by the Commercial Operation Date. As between Buyer and Seller, Seller shall be responsible for the cost and installation of any Network Upgrades associated with obtaining such Full Capacity Deliverability Status.

(a) Throughout the Delivery Term, Seller grants, pledges, assigns and otherwise commits to Buyer all the Capacity Attributes from the Facility; *provided*, Buyer may resell all or part of the Capacity Attributes to a Subsequent Purchaser. If Seller fails to deliver Capacity Attributes in accordance with this Agreement, Seller shall be liable to Buyer for the liquidated damage amounts set forth in this Agreement regardless of whether Buyer has sold all or part of the Capacity Attributes to a Subsequent Purchaser.

(b) Throughout the Delivery Term, Seller shall use commercially reasonable efforts to maintain eligibility for Full Capacity Deliverability Status or Interim Deliverability Status for the Facility from the CAISO and shall perform all actions necessary to ensure that the Facility qualifies to provide Resource Adequacy Benefits to Seller. Throughout the Delivery Term, Seller hereby covenants and agrees to transfer all Resource Adequacy Benefits to Buyer.

(c) For the duration of the Delivery Term, Seller shall take all commercially 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 committed by Seller to Buyer pursuant to this Agreement.

(d) If Seller anticipates it will have an RA Deficiency Amount in any month of the Delivery Term, Seller may, as an alternative to paying RA Deficiency Amounts, provide Replacement RA up to the anticipated RA Shortfall Amount; *provided*, any Replacement RA capacity shall be communicated by Seller to Buyer with Replacement RA product information in a written notice substantially in the form of Exhibit M at least seventy-five (75) days before the applicable CPUC Showing Month.

3.8 **Resource Adequacy Failure.**

(a) **RA Deficiency Determination.** For each RA Shortfall Month, Seller shall pay to Buyer the RA Deficiency Amount as liquidated damages or provide Replacement RA, in each case, as the sole and exclusive remedy for the Capacity Attributes Seller failed to convey to Buyer.

(b) **RA Deficiency Amount Calculation.** For each RA Shortfall Month, Seller shall pay to Buyer an amount (the “**RA Deficiency Amount**”) equal to the [REDACTED]

3.9 **[Reserved].**

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. Seller represents and warrants to Buyer that:

(i) The Product includes the exclusive right to claim the Capacity Attributes of the Facility as an incremental resource 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; and

(iii) Seller will provide to Buyer additional information and documentation reasonably available to Seller if necessary to enable Buyer to demonstrate that the Product meets the procurement mandates set forth in CPUC Decision 21-06-035.

3.11 **[Reserved]**.

3.12 **Compliance Expenditure Cap.**

(a) If a change of law occurs after the Effective Date that affects the Product's eligibility to qualify for or maintain Resource Adequacy or provide Ancillary Services, then Seller shall use commercially reasonable efforts to comply with such change of law as necessary to maintain the Product eligibility described above, subject to the following sentence. Notwithstanding anything to the contrary, the Parties agree that the maximum out-of-pocket costs and expenses ("**Compliance Costs**") Seller shall be required to bear during the term of this Agreement to comply with all of such obligations shall be capped at [REDACTED] of Storage Contract Capacity with respect to changes that impact the Product's eligibility to qualify for or maintain Resource Adequacy (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**." Compliance Actions shall not include any requirement of Seller to increase the Storage Capacity beyond the Storage Contract Capacity.

(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 reimburse Seller for Seller's actual costs 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 Buyer does not pay or does not agree to pay the Compliance Costs in excess of the Compliance Expenditure Cap, or 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, (ii) Buyer shall continue to pay Seller under this Agreement without any reduction in revenues that otherwise

would result from the change in law, 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.** 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 Discharging Energy to Buyer at the Delivery Point, and Buyer shall take delivery of Discharging Energy 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 Discharging Energy to the Delivery Point, any costs associated with delivering the Charging Energy from the Delivery Point to the 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 Discharging Energy at and after the Delivery Point and Charging Energy to the Delivery Point, including without limitation transmission costs and transmission line losses and imbalance charges. The Charging Energy and Discharging Energy will be scheduled to the CAISO by Buyer (or Buyer's designated Scheduling Coordinator) in accordance with Exhibit D.

4.2 **Title and Risk of Loss.** Title to and risk of loss related to the 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.

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) [Reserved].

(b) **Monthly Forecast of Storage 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 Storage Capacity for each day of the following month in a form substantially similar to the table found in Exhibit F ("**Monthly 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 Storage Capacity for each hour of the immediately succeeding day ("**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 the Storage Capacity for each hour of each applicable day. 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 Buyer with 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 Storage Capacity, 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 Storage Capacity 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 shall contain information regarding the beginning date and time of the event resulting in the change in Storage Capacity, 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 Seller, provided that Buyer 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, in the event Seller does not in a given hour provide the forecast required in Section 4.3(d) and Buyer incurs a loss or penalty resulting from Seller's failure with respect to Charging Energy or Discharging Energy during such hour, Seller shall be responsible for any penalties, imbalance energy charges, or other costs from CAISO resulting from Seller's failure to provide the forecast required in Section 4.3(d) ("**Forecasting Penalty**"). 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 charged and discharged by the Facility.

4.4 Dispatch Down/Curtailment.

(a) General. Seller agrees to reduce the amount of Discharging Energy produced by the Facility, by the amount and for the period set forth in any Curtailment Order; *provided*, Seller is not required to reduce such amount to the extent such reduction or any such Curtailment Order is inconsistent with the limitations of the Facility set out in the Operating

Restrictions; *provided, further*, Seller shall notify Buyer as soon as reasonably practicable, but in no event less than one (1) Business Day, if the CAISO's Master Data File for the Facility is inconsistent with the Operating Restrictions such that a failure to follow a Curtailment Order is due the limitations of the Facility set out in the Operating Restrictions.

(b) Reserved.

(c) Failure to Comply. If Seller fails to comply with a Curtailment Order, then, for each MWh of Discharging Energy that is delivered by the Facility to the Delivery Point in contradiction of the Curtailment Order, Seller shall pay Buyer for each such MWh at an amount equal to the sum of (A) + (B), where: (A) is the sum, for all Settlement Intervals with a Negative LMP during the Curtailment Period, of the absolute value of the product of such excess MWh in each Settlement Interval and the Negative LMP for such Settlement Interval and (B) is any penalties assessed by the CAISO or other charges assessed by the CAISO resulting from Seller's failure to comply with the Curtailment Order. Such calculations shall exclude failures to comply with a Curtailment Order to the extent such failure to comply is consistent with the CAISO Tariff.

(d) Seller Equipment Required for Curtailment Instruction Communications. Seller shall acquire, install, and maintain such facilities, communications links and other equipment as are required under the CAISO Tariff, 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 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 applicable to the Facility and required by CAISO, 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 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 applicable to the Facility. For the avoidance of doubt, a 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 action necessary to deliver the Charging Energy from the Delivery Point to the 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 to the Facility.

(b) Buyer will have the right to charge the Facility seven (7) days per week and twenty-four (24) hours per day (including holidays), by providing Charging Notices to Seller electronically, and subject to the requirements and limitations set forth in this Agreement, including the Operating Restrictions. Subject to Seller's obligations to comply with the CAISO Tariff and Section 4.5(e), Seller may provide notice to Buyer or Buyer's SC that it must adjust a

Charging Notice from Buyer to the extent necessary to maintain compliance with the Operating Restrictions, the CAISO Tariff, or in accordance with Section 4.5(e), and upon Buyer's receipt of such notice, a Charging Notice from Buyer will be deemed to have been adjusted as provided in such notice. 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 Facility during the Term other than pursuant to a valid Charging Notice, or in connection with a Storage Capacity Test, or in accordance with Section 4.5(e). If, during the Contract Term, Seller (a) charges the Facility to a Stored Energy Level greater than the Stored Energy Level provided for in the Charging Notice or (b) charges the 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 Facility, (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 discharge such energy and entitled to all of the benefits (including Storage Product) associated with such discharge.

(d) Buyer will have the right to discharge the 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 Restrictions. Subject to Seller's obligations to comply with the CAISO Tariff and Section 4.5(e), Seller may provide notice to Buyer or Buyer's SC that it must adjust a Discharging Notice to the extent necessary to maintain compliance with the Operating Restrictions, CAISO Tariff, or in accordance with Section 4.5(e), and upon Buyer's receipt of such notice, a Discharging Notice from Buyer will be deemed to have been adjusted as provided in such notice. Each Discharging Notice issued in accordance with this Agreement will be effective unless and until Buyer 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, Curtailment Orders and any other orders from the Governmental Authority or the PTO or the Transmission Provider 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 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 Operational Restrictions.

(f) Charging Energy Cost. The Facility shall be capable of receiving Charging Energy from the CAISO Grid in accordance with Section 4.5(a); *provided*, Buyer shall be responsible for all Charging Energy costs related to charging of the Facility.

(g) Ancillary Services. Buyer shall have the exclusive rights to all Ancillary Services that the Facility is capable of providing during the Delivery Term, with characteristics

and quantities determined in accordance with the CAISO Tariff. Seller shall operate and maintain the Facility throughout the Delivery Term so as to be able to provide the Ancillary Services listed in Exhibit Q and in accordance with the specifications set forth in the Facility's CAISO Certification associated with the Installed Capacity, adjusted to reflect the Storage Capacity. Upon Buyer's reasonable request, Seller shall submit the Facility for additional CAISO Certification so that the Facility may provide additional Ancillary Services that the Facility is, at the relevant time, actually physically capable of providing without modification of the Facility, provided that Buyer has agreed to reimburse Seller for any costs Seller incurs in connection with conducting such additional CAISO Certification.

(h)



4.6 Reduction in Delivery Obligation.

(a) Facility Maintenance. Between June 1 and September 30, Seller shall not schedule non-emergency maintenance that reduces the Storage Capacity of the Facility by more than ten percent (10%), unless (i) such outage is required to avoid damage to the Facility, (ii) such maintenance is necessary to maintain equipment warranties and cannot be scheduled outside the period of June 1 to September 30, (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.

(b) Between October 1 and May 30, Seller may, without Buyer's consent, perform routine maintenance and undertake augmentation, improvement or modification of the Facility, including repairs and replacements of all or portions thereof with newer technology, if such work is done in accordance with Prudent Operating Practice and does not negatively impact the Facility's ability to meet the availability and performance specifications of this Agreement or the Operating Requirements and the implementation of such repair does not have any material adverse impact on Buyer's ability to receive Product from the Facility or charge or discharge the Facility in the manner provided for in this Agreement; *provided*, (i) Seller shall provide Buyer with prior written notice before undertaking any of the foregoing that would result in any reduction in the availability of the Facility, and (ii) all outages and derates associated with the foregoing shall count toward the maximum Approved Maintenance Hours in accordance with Exhibit P.

(c) 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.

(d) 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.

(e) Force Majeure Event. Seller shall be permitted to reduce deliveries of Product during any Force Majeure Event.

(f) 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 [Reserved].

4.8 Storage Availability.

(a) During the Delivery Term, the Facility shall maintain a Monthly Storage Availability of no less than [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. Any testing of the Facility requested by Buyer after the Commercial Operation Date shall be deemed Buyer-instructed dispatches of the Facility ("Buyer Dispatched Test"). Any test of the Facility that is not a Buyer Dispatched Test, including all tests conducted prior to Commercial Operation, all required annual tests pursuant to Section B ("Subsequent Storage Capacity Tests") in Exhibit O, any Storage Capacity Test conducted if the Storage Capacity immediately prior to such Storage Capacity Test is below [REDACTED] of the Storage Contract Capacity, any test required by CAISO (including any test required to maintain CAISO Certification), and other Seller-requested discretionary tests or dispatches, at times and for durations reasonably agreed to by Buyer, that Seller deems necessary for purposes of reliably operating or maintaining the Facility or for re-performing a required test within a reasonable number of days of the initial required test (considering the circumstances that led to the need for a retest) shall be deemed a "Seller Initiated Test". For all Seller Initiated Tests, Seller shall (i) be liable for all CAISO costs and charges for associated Charging Energy, and (ii) be entitled to any CAISO revenues associated with Discharging Energy. For any Buyer Dispatched Test, Buyer shall (x) pay for all CAISO costs and charges for associated Charging Energy, and (y) be entitled to any CAISO revenues associated

with associated Discharging Energy. Any Storage Capacity Test shall be deemed an Excused Event for the purposes of calculating the Monthly Storage Availability.

(b) Buyer shall have the right to send one or more representative(s) to witness all Storage Capacity Tests. Buyer shall (i) comply with all reasonable and notified Seller health and safety policies and procedures and instructions while present at the Site, and (ii) shall conduct itself in a manner that will not unreasonably interfere with the operation of the Facility or other activities of Seller and its subcontractors on the Site. Buyer acknowledges that it will be escorted at all times while on the Site. Alternatively, to the extent that any Storage Capacity Tests are done remotely, and no representatives are needed on-site, Seller shall arrange for both Parties to have access to all data and other information arising out of such 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 Capacity and Efficiency Rate determined pursuant to a Storage Capacity Test shall become the new Storage 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.

(d) It is acknowledged that Seller shall have the right and option in its sole discretion to install capacity in excess of the Storage Contract Capacity (“**Non-dispatchable Capacity**”); *provided*, for all purposes of this Agreement the amount of Installed Battery Capacity and Storage Capacity shall never be deemed to exceed the Storage Contract Capacity, and (for the avoidance of doubt) (i) any Non-Dispatchable Capacity shall not be included in the CPUC Master Resource Database or CAISO Master Data File, (ii) Buyer shall have no rights to instruct Seller to (A) charge or discharge the Storage Facility at an instantaneous rate (in MW) in excess of the lesser of the Installed Battery Capacity or Storage Capacity, or (B) charge the Storage Facility to a level (in MWh) in excess of the lesser of the Installed Battery Capacity or Storage Capacity times four (4) hours, (iii) Buyer shall have no obligation to dispatch such Non-Dispatchable Capacity on behalf of Seller, or to make payment to Seller for such Non-Dispatchable Capacity, (iv) for purposes of calculating the Monthly Storage Availability of the Facility, the unavailability of such Non-Dispatchable Capacity will not be considered in such calculations, and (v) Seller shall have no right to dispatch such Non-Dispatchable Capacity.

4.10 **Interconnection Capacity**. Seller shall ensure that throughout the Delivery Term (a) the Facility will have an Interconnection Agreement providing for interconnection capacity available or allocable to the Facility that is no less than the Storage Contract Capacity and (b) Seller shall have sufficient interconnection capacity and rights under such Interconnection Agreement to interconnect the Facility with the CAISO-Controlled Grid, to fulfill Seller’s obligations under the 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 and not result in CAISO market awards that are not physically feasible. 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.** Seller shall at all times during the Delivery Term operate and maintain the Facility in accordance with Prudent Operating Practice and applicable Law and adhering to all operational data, interconnection and telemetry requirements applicable to the Facility.

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), and with respect to Charging Energy prior to its delivery to Seller at the Delivery Point, 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 or Discharging Energy to Buyer.

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 shall (i) ensure that the Facility shall be separately metered from any other generation or storage facility and all of the output and services available from the Facility shall be conveyed to Buyer under this Agreement, (ii) ensure that the Facility has its own CAISO Resource ID, and (iii) permit Seller to perform or satisfy, and shall not purport to limit, its obligations hereunder, including providing for interconnection capacity available or allocable to the Facility that is no less than the Storage Contract Capacity.

METERING

7.1 **Metering.** Seller shall measure the amount of Charging Energy and Discharging Energy using the 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 will be operated pursuant to applicable CAISO-approved calculation methodologies and maintained as Seller's cost. Subject to meeting any applicable CAISO requirements, 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 Facility. Seller shall not obtain additional CAISO resource IDs for the Facility without the prior written consent of Buyer, which shall not be unreasonably withheld. 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 becomes aware of a broken 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. **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. If a meter is inaccurate by more

than one point two percent (1.2%) and it is not known when the meter inaccuracy commenced (if such evidence exists such date will be used to adjust prior invoices), then the invoices covering the period of time since the last meter test shall be adjusted for the amount of the inaccuracy on the assumption that the inaccuracy persisted during one-half of such period so long as such adjustments are accepted by CAISO; *provided*, such period may not exceed twelve (12) months.

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 include (a) records of metered data, including CAISO metering and transaction data to the extent then available (but excluding any missing interval data that is not available from CAISO) 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 Charging Energy charged by the Facility and the amount of Discharging Energy delivered from the Facility to the Delivery Point, in each case, as read by the Facility Meter, the amount of Replacement RA delivered to Buyer (if any), 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 services 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. The invoice shall be delivered by electronic mail in accordance with Exhibit N.

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.

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 Ten Thousand Dollars (\$10,000).

8.4 **Payment Adjustments; Billing Errors.** Invoice adjustments shall be made if (a) there have been good faith inaccuracies in invoicing that are not otherwise disputed under Section 8.5, (b) an adjustment to an amount previously invoiced or paid is required due to a correction of data by the CAISO, or (c) there have been meter inaccuracies; *provided, however*, that there shall be no adjustments to prior invoices based upon meter inaccuracies except to the extent that such meter adjustments are accepted by CAISO for revenue purposes. 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 rendered under this Agreement or adjust any invoice for any arithmetic or computational error within twelve (12) months of the date the invoice, or adjustment to an invoice, was rendered. In the event an invoice or portion thereof, or any other claim or adjustment arising hereunder, is disputed, payment of the undisputed portion of the invoice shall be required to be made when due. Any invoice dispute or invoice adjustment shall be in writing and shall state the basis for the dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved. Upon resolution of the dispute, any required payment shall be made within five (5) 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 under this Agreement 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 shall be paid by the Party who owes it.

8.7 Seller's Development Security.

[REDACTED]

If the Development Security is a Letter of Credit and the issuer of such Letter of Credit (i) fails to maintain the minimum Credit Rating specified in the definition of Letter of Credit, (ii) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the Commercial Operation Date, or (iii) fails to honor Buyer's properly documented request to draw on such Letter of Credit by such issuer, Seller shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit in the amount of the Development Security and that otherwise meets the requirements set forth in the definition of Development Security.

8.8 Seller's Performance Security.

[REDACTED]

If the Performance Security is a Letter of Credit and the issuer of such Letter of Credit (A) fails to maintain the minimum Credit Rating set forth in the definition of Letter of Credit, (B) indicates its intent not to renew such Letter of Credit and such Letter of Credit expires prior to the end of the Delivery Term, or (C) fails to honor Buyer's properly documented request to draw on such Letter of Credit by such issuer, Seller shall have ten (10) Business Days to either post cash or deliver a substitute Letter of Credit that meets the requirements set forth in the definition of Performance Security. Seller may at its option exchange one permitted form of Development Security or Performance Security for another permitted form of Development Security or Performance Security, as applicable.

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

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.** Each Notice required, permitted, or contemplated hereunder shall be deemed to have been validly served, given or delivered as follows: (a) if sent by United States mail with proper first class postage prepaid, three (3) Business Days following the date of the postmark on the envelope in which such Notice was deposited in the United States mail; (b) if sent by a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement with such carrier made for the payment of such fees, the next Business Day after the same is delivered by the sending Party to such carrier; (c) if sent by electronic communication (including electronic mail or other electronic means) and if concurrently with the transmittal of such electronic communication the sending Party provides a copy of such

electronic Notice by hand delivery or express courier, at the time indicated by the time stamp upon delivery without any bounce back or rejection; or (d) if delivered in person, upon receipt by the receiving Party. Notwithstanding the foregoing, Notices of outages or other scheduling or dispatch information or requests and Replacement RA Notices, may be sent by electronic communication and shall be considered delivered upon successful completion of such transmission.

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. For the avoidance of doubt, so long as the event, despite the use of reasonable efforts, cannot be avoided by, and is beyond the reasonable control of (whether direct or indirect) and without the fault or negligence of the Party relying thereon as justification for such delay, nonperformance, or noncompliance,

For the period of time prior to the Commercial Operation Date, a Force Majeure Event includes delays caused by the PTO that result in the Interconnection Facilities not being complete and ready for the Facility to connect and sell Product to Buyer at the Delivery Point by the Guaranteed Commercial Operation Date, despite the exercise of diligent and commercially reasonable efforts by Seller.

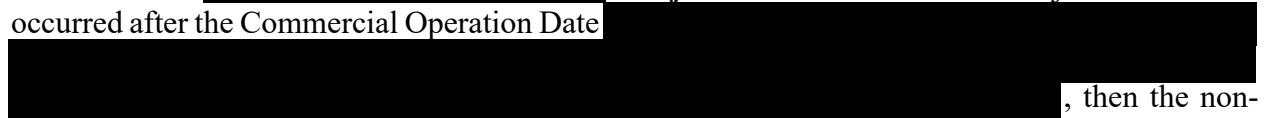
(c) Notwithstanding the foregoing, the term “**Force Majeure Event**” does not include (i) economic conditions that render a Party’s performance of this Agreement at the Contract Price unprofitable or otherwise uneconomic (including an increase in component costs for any reason, including foreign or 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 that disables physical or electronic facilities necessary to transfer funds to the payee Party; (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. 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, (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 two (2) Business Days of obtaining knowledge of the commencement of 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 obtaining knowledge of a 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 two- (2-) Business Day period will not preclude the claiming Party from claiming a Force Majeure hereunder but for any Force Majeure notification provided after the two- (2-) Business Day period, 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. If a Force Majeure Event has occurred after the Commercial Operation Date

, then the non-claiming Party may terminate this Agreement upon written Notice to the other Party. Upon any such termination, neither Party shall have any liability to the other Party, save and except for those

obligations specified in Section 2.1(b), and Buyer shall promptly return to Seller any Performance Security then held by Buyer, less any amounts drawn in accordance with this Agreement.

**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; except for (1) failure to deliver Capacity Attributes, the exclusive remedies for which are set forth in Section 3.8; and (2) failures related to the Monthly Storage Availability that do not trigger the provisions of Section 11.1(b)(vii), the exclusive remedies for which are set forth in Section 4.8), 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]

(vi) if not remedied within [REDACTED] after Notice thereof, the failure by Seller to deliver a Remedial Action Plan required under Section 2.4;

(vii) failure by Seller to satisfy the collateral requirements pursuant to Sections 8.7 or 8.8 within five (5) Business Days after Notice and expiration of the cure periods set forth therein, with respect to the Development Security or Performance Security amount in accordance with this Agreement in the event Buyer draws against either for any reason other than to satisfy a Damage Payment, or a Termination Payment, as applicable;

(viii) 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 ten (10) 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

(ix) 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 [REDACTED]

(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

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


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)

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

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



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, 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. THE VALUE OF ANY INCENTIVES, DETERMINED ON AN AFTER-TAX BASIS, LOST DUE TO BUYER'S DEFAULT (WHICH SELLER HAS NOT BEEN ABLE TO MITIGATE AFTER USE OF COMMERCIALY REASONABLE EFFORTS), AND AMOUNTS DUE IN CONNECTION WITH THE RECAPTURE BY THE IRS DUE TO A DEFAULT BY BUYER OF ANY INCENTIVES PREVIOUSLY RECEIVED BY SELLER, IF ANY, SHALL BE DEEMED TO BE DIRECT DAMAGES.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, INCLUDING UNDER SECTIONS 3.8, 4.8, 11.2, 11.3 AND AS PROVIDED IN EXHIBIT B, EXHIBIT C, 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) Seller shall obtain or cause to be obtained any and all applicable permits and approvals, including without limitation, environmental clearance under the California Environmental Quality Act ("CEQA") or other environmental law, from the local jurisdiction where the Facility will be constructed. Seller acknowledges that Buyer is purchasing the Product under this Agreement and does not intend to be the lead agency for the Facility.

(h) Seller shall source and install batteries from a manufacturer that has at least one (1) GW of utility scale batteries installed and in operation.

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 will not claim and affirmatively waives 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.).

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 and Workforce Development.** 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 ("**Prevailing Wage Requirement**"). 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. Seller or its construction contractor for the Facility shall either (i) execute a project labor agreement with the appropriate building or construction trade unions for construction of the Facility, or (ii) 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. In addition, Seller agrees to (and agrees to ask its contractors to), complete an annual supplier diversity and labor practices questionnaire provided by Buyer and, upon request of Buyer, to comply with similar regular reporting requirements related to diversity and labor practices from time to time.

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) will 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. Any assignment made in violation of the conditions to assignment set out in this Article 14 shall be null and void. Buyer shall reasonably cooperate with Seller or any Lender, to execute or arrange for the delivery of certificates, consents (subject to Section 14.2), opinions, and estoppels reasonably requested by Seller or Lender in order to consummate any financing or refinancing and shall enter into reasonable agreements with such Lender that provide that Buyer recognizes the Lender's security interest and such other provisions as may be reasonable requested by Seller, such Lender or potential Lender; *provided, however*, Buyer will 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 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**"). 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 two (2) Collateral Assignment Agreements 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 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) five (5) 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), 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 this Agreement which does not arise out of an Event of Default;

(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; *provided*, before such assumption, if Buyer advises Lender that Buyer will require that Lender cure (or cause to be cured) any Event of Default (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) 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, 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. 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(f), if (i) 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 **Permitted Assignment by Seller.** Except as may be precluded by, or would cause Buyer to be in violation of, the Political Reform Act (Cal. Gov. Code Section 81000 *et seq.*) or the regulations thereto, California Government Code Section 1090, or any other conflict of interest Law, Seller may, without the prior written consent of Buyer, transfer or assign this Agreement, including through a Change of Control, to (a) an Affiliate of Seller, or (b) any Person succeeding to all or substantially all of the assets of Seller (whether voluntary or by operation of law); if, and only if:

- (i) In the case of (b) only, the assignee is a Permitted Transferee;
- (ii) Seller has given Buyer Notice at least fifteen (15) Business Days before the date of such proposed assignment; and

(iii) Seller has provided Buyer a written agreement signed by the Person to which Seller wishes to assign its interests that (x) provides that such Person will assume all of Seller's obligations and liabilities under this Agreement upon such transfer or assignment and (y) certifies that such Person meets the definition of a Permitted Transferee.

Except as provided in the preceding sentence, any assignment by Seller or its successors or assigns under this Section 14.3 shall be of no force and effect unless and until such Notice and agreement by the assignee have been received and accepted by Buyer.

14.4 **Buyer Limited Assignment Right.** Notwithstanding anything to the contrary in this Agreement, Buyer may make a limited assignment of Buyer's right to receive all or a portion of the Product that would otherwise be delivered to Buyer hereunder to an entity ("**Limited Assignee**") that has, or provides a parent guaranty, in form and substance reasonably acceptable to Seller from an entity with a credit rating equal to or greater than 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. In connection with any such assignment, Buyer and Seller agree to execute a limited assignment agreement in a form that is reasonably acceptable to Buyer, Seller, and each Party's respective Lenders and financing parties. For the avoidance of doubt, Buyer will remain responsible for all its obligations under this Agreement related to such assigned Product, including (i) the obligation to pay for such Product to the extent the assignee thereof does not do so and (ii) any damages associated with such assignee's failure to take any such Product. Buyer shall be responsible for Seller's reasonable costs associated with the preparation, review, execution and delivery of documents in connection with any assignment of this Agreement by Buyer, including without limitation reasonable attorneys' fees.

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. 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 collectively ("**Indemnifiable Event**") arising from negligence, willful misconduct, or breach of the Agreement (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 not less than [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 be [REDACTED] for injury or death occurring as a result of each accident. With regard to bodily injury by disease, the [REDACTED] policy limit 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].

██████████ 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 ██████████ 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 Major Subcontractors to carry the same levels of insurance as Seller, provided Major Subcontractors shall not be required to carry Construction All-Risk Insurance. All Major 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 Major 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. Within sixty (60) days after 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. The following constitutes "**Confidential Information**," whether oral or written which is delivered by Seller to Buyer or by Buyer to Seller including: (a) the pricing and other commercially sensitive terms and conditions of, and proposals and negotiations related to, this Agreement, and (b) information that either Seller or Buyer stamps or otherwise identifies as "confidential" or "proprietary" before disclosing it to the other. 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 by any requirements of Law, (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 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 agents, consultants, contractors, or trustees, so long as the Person to whom Confidential Information is disclosed agrees in writing to be bound by confidentiality provisions no less stringent than those in this Article 18 to the same extent as if it were a Party or is otherwise bound by a legal duty of confidentiality with respect to such Confidential Information no less stringent than that in this Article 18.

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, for the avoidance of doubt, 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, 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” 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). 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.** 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.

19.12 **Service Contract.** The Parties intend this Agreement to be a “service contract” within the meaning of Section 7701(e) of the Internal Revenue Code of 1986, as amended.

19.13 **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.

San Gabriel Project III LLC

By: _____
Name: _____
Title: _____
Date: _____

**AVA COMMUNITY ENERGY
AUTHORITY, a California joint powers
authority**

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A

FACILITY DESCRIPTION

Site Name: Gabriel Storage

Site includes all or some of the following APNs: [REDACTED]

County: Los Angeles

Type of Facility: Battery Energy Storage System

Energy Management Software: Seller must provide remotely operable, 2-4 second timestamps, data historian (at least 5 years of storage), SCADA/AGC communication and operability with the Facility controller and offtaker, and include the following applications/modes:

- Dynamic Voltage Support
- Shifting
- Regulation
- Flexible Ramp
- Spinning Reserve

Operating Characteristics of Facility:

Maximum Stored Energy Level at COD (MWh): 400

Maximum Charging Capacity at COD: 100 MW

Maximum Discharging Capacity at COD: 100 MW

Operating Restrictions of Facility: See Exhibit Q

Storage Contract Capacity: See definition in Section 1.1

Delivery Point: Facility PNode

Facility Meter Locations: See Exhibit R

Facility Interconnection Point: The Facility shall interconnect to the Rio Hondo Switching Station (the “**Interconnection Point**”).

Facility PNode: [REDACTED]

Participating Transmission Owner: Southern California Edison

EXHIBIT B**FACILITY CONSTRUCTION AND COMMERCIAL OPERATION****1. Facility Construction.**

(a) “**Construction Start**” will occur following Seller’s execution of an engineering, procurement and construction (EPC) contract related to the Facility and issuance of a full notice to proceed with the construction of the Facility under the EPC contract, mobilization to site by Seller and/or its designees, and includes the physical movement of soil 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. Buyer shall respond to Seller’s notification that it has provided the required documentation to Buyer and met the conditions for achieving Commercial Operation within five (5) Business Days of receipt of Notice or be deemed to have accepted such Notice. The “**Commercial Operation Date**” shall be the date on which Commercial Operation is achieved; provided, the Commercial Operation Date shall not be earlier than the date that is sixty (60) days prior to the Expected Commercial Operation Date.

(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 sixty (60) days 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. 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 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. [REDACTED]

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 extended on a day-for-day basis due to delays arising out of the following circumstances to the extent such circumstances are not the result of Seller's failure to take all commercially reasonable actions to meet its requirements herein:

(a) [REDACTED]

(b) [REDACTED]

Notwithstanding the foregoing, the cumulative extensions granted under the Development Cure Period (other than extensions granted pursuant to clause 4(b) above) shall not exceed a period of up to one-hundred twenty (120) days on a cumulative basis (the "**Development Cure Period**"). No extension shall be given under the Development Cure Period if, and to the extent that (a) the delay was due to Seller's failure to take commercially reasonable actions to meet its requirements and deadlines or does not otherwise satisfy the requirements of a Force Majeure Event, (b) Seller failed to provide requested documentation as provided below, or (c) Seller failed to provide written notice of such Force Majeure Event to Buyer as required under this Agreement. Upon written request from Buyer, Seller shall promptly provide documentation demonstrating to Buyer's reasonable satisfaction that the delay was the result of a Force Majeure Event or Buyer Delay and did not result from Seller's actions or failure to take commercially reasonable actions.

5. **Failure to Reach Storage Contract Capacity.** If, at Commercial Operation, the Installed Battery Capacity is less than [REDACTED] 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 [REDACTED] 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 [REDACTED] that the Storage Contract Capacity exceeds the Installed Battery Capacity, and the Storage Contract Capacity and other applicable portions of the Agreement shall be adjusted accordingly.

EXHIBIT C
COMPENSATION

Buyer shall compensate Seller for the Product in accordance with this Exhibit C.

(a) Storage Rate. All Storage Product shall be paid on a monthly basis at the Storage Rate *multiplied by 1,000, multiplied by* the Storage 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 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 Capacity is applicable.

(b) 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 simple average of the Day-Ahead Market locational marginal price for all the hours of the applicable month, as published by the CAISO, for the Delivery Point, provided, that if the foregoing calculation results in a negative value, then Seller shall pay Buyer the absolute value of such result, which amount shall be credited by Seller against amounts owed by Buyer in the applicable monthly invoice.

(c)



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. At least thirty (30) days prior to the Initial Synchronization of the Facility to the CAISO Grid, (i) Seller shall take all 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, 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. 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 (as the Facility'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 basis, as determined by Buyer. 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 its SC) shall comply with all applicable CAISO Tariff requirements, procedures, protocols, rules and testing as applicable to Buyer as the SC for the Facility.

(b) Notices. Buyer (as the Facility'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, or must offer waiver forms. Seller will cooperate with Buyer to provide such notices and updates. If the web-based system is not available, Seller shall promptly submit such information to Buyer and the CAISO (in order of preference) telephonically, by electronic mail, transmission to the personnel designated to receive such information.

(c) CAISO Costs and Revenues. Except as otherwise set forth below, Buyer (as Scheduling Coordinator for the Facility) shall be responsible for CAISO costs (including penalties, Imbalance Energy costs, and other charges) and shall be entitled to all CAISO revenues (including credits, Imbalance Energy revenues, 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. 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 these CAISO Charges Invoices against any future amounts it may owe to Seller under this Agreement. The obligations under this Section with respect to payment of CAISO Charges Invoices shall survive the expiration or termination of this Agreement.

(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 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. The Parties will collaborate to comply with the applicable deadlines for filing and updating the information for the Facility in the Master Resource Database and Master Data File. Seller shall provide the data 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 at least five (5) Business Days before the deadline for submission to CAISO and Buyer (as SC) shall promptly provide such data to CAISO. 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 CAISO or CPUC 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 provide such information to Buyer for review at least five (5) Business Days prior to submission to the CAISO or CPUC as applicable.

(h) NERC Reliability Standards. Buyer (as Scheduling Coordinator) shall 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 that Buyer (as Scheduling Coordinator) has provided to the CAISO related to the Facility or actions taken by Buyer (as Scheduling Coordinator) related to Seller's compliance with 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 likely to potentially 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.
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

FORM OF MONTHLY FORECAST

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
Day 1																								
Day 2																								
Day 3																								
Day 4																								
Day 5																								
[insert additional rows for each day in the month]																								
Day 29																								
Day 30																								
Day 31																								

EXHIBIT G
[RESERVED]

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 Energy Storage Service Agreement dated [Date] by and between [Entity name, state of formation, type of entity] (“**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 Facility is fully operational, and interconnected, fully integrated and synchronized with the Transmission System.
2. Seller has installed equipment for the Facility with a nameplate capacity of no less than ninety-five percent (95%) of the Storage Contract Capacity.
3. Seller has commissioned all Facility equipment in accordance with its respective manufacturer’s specifications.
4. Seller has demonstrated functionality of the Facility’s communication systems and automatic generation control (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.
5. The 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.
6. Authorization to parallel the Facility was obtained from the Participating Transmission Owner.
7. The Transmission Provider has provided documentation supporting full unrestricted release for Commercial Operation.
8. The PTO has provided notification supporting Commercial Operation, in accordance with the PTO Tariff, as applicable.
9. Seller shall have caused the 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.

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 Energy Storage Service Agreement dated [Date] by and between [Entity name, state of formation, type of entity] (“**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:

(i) The Storage Capacity Test demonstrated a maximum operating capability that can be sustained for four (4) consecutive hours to discharge electric energy of ___ MW 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”).

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 [Entity name, state of formation, type of entity] (“**Seller**”) to Ava Community Energy Authority, a California joint powers authority (“**Buyer**”) in accordance with the terms of that certain Energy Storage Service 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**”);
3. the precise Site on which the Facility is located is, which must be within the boundaries of the previously identified Site: _____;
and
4. Seller or its construction contractor for the Facility has either (i) executed a project labor agreement with the appropriate building or construction trade unions for construction of the Facility, or (ii) awarded the contract for construction to a union signatory entity which will employ a union workforce governed by that entity’s existing labor agreements and provided reasonably requested documentation demonstrating such compliance.

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

BANCO SANTANDER, S.A., NEW YORK BRANCH
437 MADISON AVENUE, 6TH FLOOR,
NEW YORK, NY 10022

IRREVOCABLE STANDBY LETTER OF CREDIT NO. **[INSERT REFERENCE]**

DATE: **[INSERT ISSUANCE DATE]**

BANK REF.: **[INSERT REFERENCE]**

AMOUNT: US\$: **[INSERT AMOUNT]**

EXPIRATION DATE: **[INSERT EXPIRATION DATE]**

BENEFICIARY:

EAST BAY COMMUNITY ENERGY AUTHORITY
ATTN: POWER RESOURCES
1999 HARRISON STREET, SUITE 800
OAKLAND, CA 94612

APPLICANT:

[INSERT APPLICANT DETAILS]

TO WHOM IT MAY CONCERN:

BY THE ORDER OF **[INSERT APPLICANT DETAILS]** (“APPLICANT”), WE, BANCO SANTANDER, S.A., NEW YORK BRANCH, 437 MADISON AVENUE, 6TH FLOOR, NEW YORK, NY 10022 (“ISSUER”) HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. **[INSERT REFERENCE]** (THE “LETTER OF CREDIT”) IN FAVOR OF EAST BAY COMMUNITY ENERGY AUTHORITY, A CALIFORNIA JOINT POWERS AUTHORITY (“BENEFICIARY”), FOR AN AMOUNT NOT TO EXCEED THE AGGREGATE SUM OF U.S. \$**[INSERT AMOUNT]** (UNITED STATES DOLLARS **[INSERT AMOUNT]** AND 00/100), PURSUANT TO THAT CERTAIN **[EXCLUSIVITY AGREEMENT/ENERGY STORAGE AGREEMENT/POWER PURCHASE AGREEMENT]** DATED AS OF **[INSERT DATE]** 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 PRESENTATION ON OR BEFORE THE EXPIRATION DATE OF A DATED STATEMENT PURPORTEDLY SIGNED BY BENEFICIARY’S 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. **[INSERT REFERENCE]** (“DRAWING CERTIFICATE”).

THE DRAWING CERTIFICATE MAY BE PRESENTED BY (A) PHYSICAL DELIVERY, (B) U.S. MAIL, (C) OVERNIGHT COURIER OR (D) AS A PDF ATTACHMENT TO AN EMAIL TO LCOPSNEWYORK@SANTANDER.US. TRANSMITTAL BY 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 BENEFICIARY THAT ALL DOCUMENTS PRESENTED UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT 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 THE THEN EXPIRATION DATE. NO PRESENTATION MADE UNDER THIS LETTER OF CREDIT AFTER SUCH EXPIRATION DATE 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, AND SHALL NOT IN ANY WAY BE MODIFIED, AMENDED, AMPLIFIED OR LIMITED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT REFERRED TO HEREIN.

THIS LETTER OF CREDIT IS ISSUED SUBJECT TO AND GOVERNED BY 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 NEW YORK

NOTWITHSTANDING ANY REFERENCE IN THIS LETTER OF CREDIT TO ANY OTHER DOCUMENTS, INSTRUMENTS OR AGREEMENTS (OTHER THAN AS SET FORTH IN THE IMMEDIATELY PRIOR PARAGRAPH), THIS LETTER OF CREDIT CONTAINS THE ENTIRE AGREEMENT BETWEEN BENEFICIARY AND ISSUER RELATING TO THE OBLIGATIONS OF ISSUER HEREUNDER. PLEASE ADDRESS ALL CORRESPONDENCE REGARDING THIS LETTER OF CREDIT TO 437 MADISON AVENUE, 6TH FLOOR, NEW YORK, NY 10022 ATTENTION: TRADE SERVICES REFERRING SPECIFICALLY TO ISSUER'S LETTER OF CREDIT NO. [INSERT REFERENCE] . FOR TELEPHONE ASSISTANCE, PLEASE CONTACT ISSUER'S TRADE SERVICES DEPARTMENT AT (212) 350-3671 AND HAVE THIS LETTER OF CREDIT AVAILABLE.

THIS LETTER OF CREDIT MAY BE DELIVERED TO THE BENEFICIARY IN ELECTRONIC FORM, AND SUCH ELECTRONIC COPY SHALL BE DEEMED TO BE THE ORIGINAL AND VALID FOR PURPOSES OF PRESENTATION HEREUNDER.

FOR THE AVOIDANCE OF DOUBT, IT SHOULD BE NOTED THAT BANCO SANTANDER, S.A., NEW YORK BRANCH IS A CREDIT INSTITUTION INCORPORATED AND HAVING OUR CENTER OF MAIN INTERESTS AND OPERATIONS IN SPAIN AND WE ARE THEREFORE SUBJECT TO THE EUROPEAN UNION AND SPANISH INSOLVENCY LAWS AND OTHER LAWS RELATING TO OR AFFECTING THE RIGHTS OF CREDIT INSTITUTIONS CREDITORS' GENERALLY, ALLOWING THE COURTS OF COMPETENT JURISDICTION AND RECOVERY AND RESOLUTION AUTHORITIES THEREUNDER TO, UPON AN INSOLVENCY OR RESOLUTION, REDUCE, CONVERT OR CANCEL THE RIGHTS OF OUR CREDITORS.

VERY TRULY YOURS,
BANCO SANTANDER S.A., NEW YORK BRANCH

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

EXHIBIT A

DRAWING CERTIFICATE

(DRAW REQUEST SHOULD BE ON BENEFICIARY’S LETTERHEAD)

DRAWING CERTIFICATE

BANCO SANTANDER, S.A., NEW YORK BRANCH
437 MADISON AVENUE, 6TH FLOOR,
NEW YORK, NY 10022

TO WHOM IT MAY CONCERN:

THE UNDERSIGNED, A DULY AUTHORIZED REPRESENTATIVE OF EAST BAY COMMUNITY ENERGY AUTHORITY, A CALIFORNIA JOINT POWERS AUTHORITY, AS BENEFICIARY (THE “BENEFICIARY”) OF THE IRREVOCABLE LETTER OF CREDIT NO. [INSERT REFERENCE] (THE “LETTER OF CREDIT”) ISSUED BY [INSERT BANK NAME] (THE “BANK”) BY ORDER OF [REDACTED] (THE “APPLICANT”), HEREBY CERTIFIES TO THE BANK AS FOLLOWS:

1. APPLICANT AND BENEFICIARY ARE EACH A PARTY TO THAT CERTAIN [EXCLUSIVITY AGREEMENT/ENERGY STORAGE AGREEMENT/POWER PURCHASE AGREEMENT] DATED AS OF [INSERT DATE], (THE “AGREEMENT”).
2. BENEFICIARY IS MAKING A DRAWING UNDER THIS LETTER OF CREDIT IN THE AMOUNT OF U.S. \$_____ BECAUSE [SELLER HAS FORFEITED ITS SHORTLIST DEPOSIT/AN EVENT OF DEFAULT HAS OCCURRED] (AS SUCH TERM IS DEFINED IN THE AGREEMENT) 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 EAST BAY 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 EAST BAY COMMUNITY ENERGY AUTHORITY BY WIRE TRANSFER IN IMMEDIATELY AVAILABLE FUNDS TO THE FOLLOWING ACCOUNT:

[SPECIFY ACCOUNT INFORMATION]

EAST BAY 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 [Entity name, state of formation, type of entity] (“Seller”), entered into that certain Energy Storage Service Agreement (as amended, restated or otherwise modified from time to time, the “ESSA”) dated as of [____], 20__.
- B. Guarantor is entering into this Guaranty as Performance Security to secure Seller’s obligations under the ESSA, as required by Section 8.8 of the ESSA.
- 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 ESSA.
- D. Initially capitalized terms used but not defined herein have the meaning set forth in the ESSA.

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 ESSA, including, without limitation, compensation for penalties, the Termination Payment, indemnification payments or other damages, as and when required pursuant to the terms of the ESSA (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 ESSA, 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 ESSA 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 ESSA. 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 ESSA, 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 ESSA 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 ESSA or perform its obligations thereunder, (B) lack of due execution, delivery, validity or enforceability, including of the ESSA, or (C) Seller's inability to pay any Guaranteed Amount or perform its obligations under the ESSA, 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 ESSA, 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 ESSA, 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 ESSA;

(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][Santa Clara], 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 ESSA. 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

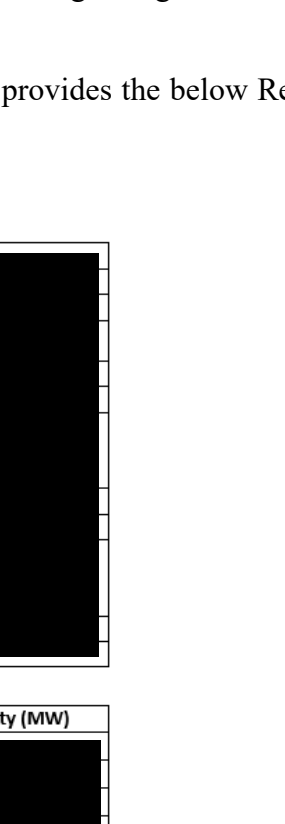
FORM OF REPLACEMENT RA NOTICE

This Replacement RA Notice (this “**Notice**”) is delivered by [Entity name, state of formation, type of entity] (“**Seller**”) to Ava Community Energy Authority, a California joint powers authority (“**Buyer**”) in accordance with the terms of that certain Energy Storage Service 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: _____

EXHIBIT N
NOTICES









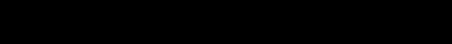

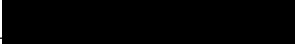

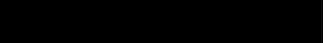


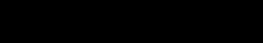



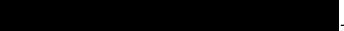

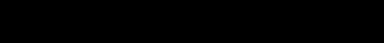

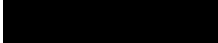

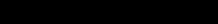
San Gabriel Project III LLC	Ava Community Energy Authority
All Notices: 	All Notices: Street: City: Attn: Phone: Email:
Reference Numbers: 	Reference Numbers: 
Invoices: Attn:  	Invoices: Attn: Phone: Email:
Scheduling: Attn:  	Scheduling: Attn: Phone: Email:
Confirmations: Attn:  Phone:  Email: 	Confirmations: Attn: Phone: Email:
Payments: Attn: Phone: Email: 	Payments: Attn: Phone: Email:
Wire Transfer: BNK:  ABA:  ACCT: 	Wire Transfer: BNK:  ABA:  ACCT: 
Credit and Collections: Attn:  Phone:  Email: 	Credit and Collections: Attn:  Phone:  Email: 
With additional Notices of an Event of Default to: Attn:  Phone:  Email: 	With additional Notices of an Event of Default to: Attn: Phone: Email:

EXHIBIT O

STORAGE CAPACITY TESTS

Storage Capacity Test Notice and Frequency

A. Commercial Operation Date Storage Capacity Test. Upon no less than ten (10) Business Days prior Notice to Buyer, Seller shall schedule and complete a Storage Capacity Test prior to the Commercial Operation Date. Such initial Storage Capacity Test shall be performed in accordance with this Exhibit O and shall establish the initial Storage Capacity and Efficiency Rate hereunder based on the actual capacity and measured round-trip efficiency of the Facility determined by such Storage Capacity Test.

B. Subsequent Storage Capacity Tests. Following the Commercial Operation Date, once each Contract Year, Seller will perform a Storage Capacity Test and will give Buyer ten (10) Business Days prior Notice of such test. Up to twice per Contract Year, Buyer shall have the right to require Seller to schedule and complete a Storage Capacity Test. In addition, Buyer shall have the right to require a test or retest of the Storage Capacity Test 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 has varied materially from the results of the most recent Storage Capacity Test. Seller shall have the right to run a retest of any Storage Capacity Test 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 five (5) days following any Storage Capacity Test, Seller shall submit a testing report detailing results and findings of the test. The report shall include Facility Meter readings and plant log sheets verifying the operating conditions and output of the Facility. In accordance with Section 4.9(c) of the Agreement and Part II(I) below, the actual Efficiency Rate and Storage Capacity determined pursuant to a Storage Capacity Test (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) shall become the new Storage Capacity and Efficiency Rate at the beginning of the day following the completion of the test for calculating the Storage Rate and all other purposes under this Agreement.

D. Buyer's Right to Witness Storage Capacity Tests. Buyer shall have the right to send one or more representative(s) to witness all Storage Capacity Tests. Buyer shall (i) comply with all reasonable and notified Seller health and safety policies and procedures and instructions while present at the Site, and (ii) shall conduct itself in a manner that will not unreasonably interfere with the operation of the Facility or other activities of Seller and its subcontractors on the Site. Buyer acknowledges that it will be escorted at all times while on the Site.

Storage Capacity Test Procedures

PART I. GENERAL.

Each Storage Capacity Test (including the initial Storage Capacity Test 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 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 Capacity;
- (2) Determine the amount of Energy required to fully charge the Facility;
- (3) Determine the Facility charge ramp rate;
- (4) Determine the Facility discharge ramp rate;
- (5) 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 an SCT shall not be subject to the carveout for energy consumed by end uses during charging and discharging) and Electrical Losses, as measured by the Facility Meter or other mutually agreed meter, that is required to charge the Facility up to the Maximum Stored Energy Level not to exceed the Storage Contract Output (MWh) (“Energy In”);
- The measurement of discharging energy exclusive of Station Use (for clarity, Station Use during an SCT shall not be subject to the carveout for energy consumed by end uses during charging and discharging) and Electrical Losses, as measured by the Facility Meter or other mutually agreed meter, that is discharged from the Facility to the Delivery Point until the Stored Energy Level reaches zero MWh as indicated by the battery management system (“Energy Out”);
- Electrical output at Maximum Discharging Capacity (as defined in Exhibit A) at the Facility Meter (MW);
- Electrical input at Maximum Charging Capacity (as defined in Exhibit A) at the Facility Meter (MW);
- Amount of time between the Facility’s electrical output going from 0 to Maximum Discharging Capacity;
- Amount of time between the Facility’s electrical input going from 0 to Maximum Charging Capacity;

- Amount of energy required to go from 0% Stored Energy Level to 100% Stored Energy Level charging at a rate equal to the Maximum Charging Capacity.
- C. Parameters. During each SCT, the following parameters shall be measured and recorded simultaneously for the Facility, at ten (10) minute intervals:
- (1) discharge time (minutes);
 - (2) charging energy (MWh);
 - (3) discharging energy (MWh);
 - (4) Stored Energy Level (MWh).
- D. Site Conditions. During each SCT, the following conditions at the Site shall be measured and recorded simultaneously at thirty (30) minute intervals:
- (1) Relative humidity (%);
 - (2) Barometric pressure (inches Hg) near the horizontal centerline of the Facility; and
 - (3) Ambient air temperature (°F).
- E. Test Showing. Each SCT must demonstrate that the Facility:
- (1) successfully started;
 - (2) operated for at least four (4) consecutive hours at Maximum Discharging Capacity +/- 2%;;
 - (3) operated for at least four (4) consecutive hours at Maximum Charging Capacity +/- 2%;;
 - (4) has a Storage Capacity of an amount that is, at least, equal to the Maximum Stored Energy Level (as set forth in Exhibit Q); and
 - (5) is able to deliver Discharging Energy to the Delivery Point as measured by the Facility Meter for four (4) consecutive hours at a rate equal to the Maximum Discharging Capacity +/-2%.
- F. Test Conditions.
- (i) General. At all times during a SCT, the 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, 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, metering and data collection equipment required to perform the SCT. The

instrumentation, metering and data collection equipment electrical meters shall be calibrated in accordance with 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 fifteen (15) 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.A through C, including copies of the raw data taken during the test;
 - (3) the level of Storage Capacity, Energy In, Energy Out, Efficiency Rate, Maximum Charging Capacity, the current charge and discharge ramp rate, and Stored Energy Level 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. Supplementary Storage Capacity Test Protocol. No later than sixty (60) days prior to commencing Facility construction, Seller shall deliver to Buyer for its review and approval (such approval not to be unreasonably delayed or withheld) an updated supplement to this Exhibit O with additional and supplementary details, procedures and requirements applicable to Storage Capacity Tests based on the then current design of the Facility ("Supplementary Storage Capacity Test Protocol"). 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 Supplementary Storage Capacity Test Protocol. The initial Supplementary Storage Capacity Test 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 delivered to the Delivery Point (expressed in MWh-AC) during each of the first four (4) hours of discharge (up to, but not in excess of, the product of (i) the Storage Contract Capacity set forth on the Cover Sheet, as such 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, 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. Adjustment to 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), measured at the Facility Meter location, and expressed as a percentage, shall be the new Efficiency Rate, and shall be used for the calculation of liquidated damages (if any) under Exhibit C until updated pursuant to a subsequent Storage Capacity Test.

Part III. SUPPLEMENTARY STORAGE CAPACITY TEST PROTOCOL

A. **Conditions Precedent to SCT**

- Control System Functionality: The Facility control system shall be successfully configured to receive data from the battery system, exchange distributed network protocol 3 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 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.
- Control System Functionality: The control system is operable within the requirements and has been successfully configured to receive data from the battery system and transfer data to the onsite servers for the calculation, recording and archiving of data points.
- The following Commercial Operation tests will be repeated annually:
 - PMAX Capacity Test
 - Round-Trip Efficiency and Energy Test

B. PMAX Capacity Test

1. Purpose: This test will demonstrate the PMAX and will hold the Facility's maximum operating level (MW), up to the Storage Capacity, for up to five (5) minutes ("Qualified Power Capacity").
2. Procedure:
 - (i) System starting state: The Facility will be in the on-line state with each battery subsystem at 100% usable state of charge (SOC) and at an initial active power level of 0 MW and reactive power level of 0 MVAR.
 - (ii) Record the Facility active power level at the Facility Meter.
 - (iii) Command the Facility to follow a signal equal to the Facility's maximum operating level for five (5) minutes.
 - (iv) Record and store the Facility active power response. Measurements will be made at the Facility Meter and by the control system with a recording in the Facility historian.
 - (v) System end state: The Facility will be in the on-line state and at a commanded active power level of 0 MW.

Pass/Fail Criteria		
The Facility active power response and the commanded level shall be within $\pm 2\%$ as measured by the sum of values at the Facility Meter. The time to full output shall be less than 2 seconds subject to CAISO or Transmission Owner limitations to the contrary. The hold period of such active power value shall be five (5) minutes and recorded in the control system historian.		
Passed	Failed	Date:
Test Performed by:		
Test Witnessed by:		

Notes/Test Conditions:

C. Round-Trip Efficiency and Energy Test

1. The following test demonstrates the updated Efficiency Rate and amount of energy required to fully charge the Facility (when performed annually or ad hoc).
 - i. The resulting quantity of discharging energy is the Energy Out (as reported in Part II.B above) and the resulting quantity of charging energy is the Energy In (as reported in Part II.B above).
 - ii. The Qualified Energy is the sum of the total quantity of Discharging Energy at the Facility Meter.

2. The Facility will be operated in both the charge and discharge directions in the following order:
 - i. [Seller to specify, example language below]
 - ii. *[Set each Battery Subsystem to [3%] SOC.*
 - iii. *Allow each Battery Subsystem to enter background cell balancing mode by maintaining a SOC of [3% for 20 minutes]. After the background cell balancing mode begins the system can be operated as normal. Allow the cell balancing function to operate in the background for at least 24 hours to allow the automatic cell balancing procedure to reach completion. This time may be reduced based on equipment suppliers' recommendations.*
 - iv. *Discharge each Battery Subsystem to 0% SOC.*
 - v. *Immediately perform the Round-Trip Efficiency and Capacity Test set forth below.]*

3. To be valid, the SCT must be started within twenty-four (24) hours of the end of the period (greater than four days) during which cell balancing was completed. For the duration of the SCT, the Control System will be configured to have the power limiting mechanisms disabled, and each battery subsystem shall be configured to follow the charge and discharge current limits specified by their respective battery management system.

4. Procedure:
 - i. System Starting State: The Facility will be in the on-line state with each Battery Subsystem at 0% SOC.
 - ii. Verify that in the previous twenty-four (24) hour period, each Battery Subsystem completed the cell balancing procedure allowing full cell balancing to occur, as described in steps i-iv.
 - iii. Verify that ambient temperature measurements at all Battery Subsystems are between 18°C and 28 °C throughout this test.
 - iv. Record initial values of each Battery Subsystem SOC.
 - v. Command a real power charge that results in an AC power of Facility's full charging power and continue the charge until the power is 2% different.

- vi. Record and store the AC energy charged to the system as measured at the Facility Meter. Measurements will be made by the Facility Meter with recording in the Facility historian.
- vii. Within 5 minutes, command a real power discharge that results in an AC power output of the Facility’s maximum discharge power.
- viii. Maintain the discharging until the power is 2% different.
- ix. Record and store the AC energy discharged as measured at the Facility Meter. Measurements will be made by the Facility Meter with recording in the Facility historian.

Pass/Fail Criteria		
The measured Efficiency Rate is greater than or equal to the Guaranteed Efficiency Rate. The Qualified Energy is greater than or equal to the Storage Contract Output.		
Passed	Failed	Date:
Test Performed by:		
Test Witnessed by:		

Notes/Test Conditions:

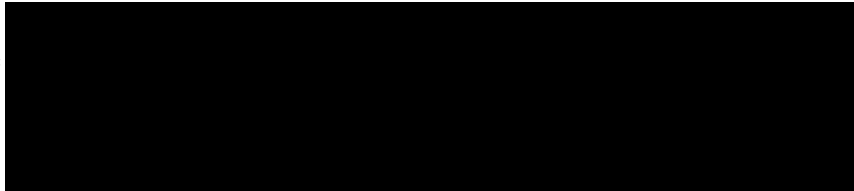
EXHIBIT P

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:

Monthly Storage Availability (%) =



where:

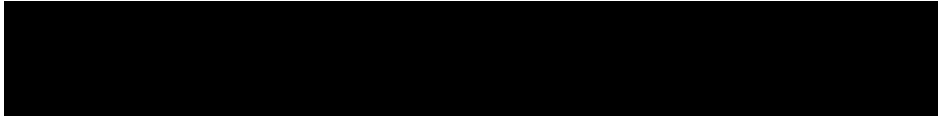


EXHIBIT Q

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 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 Facility in the absence of Charging Notices, Discharging Notices or other similar instructions from Buyer relating to the use of the Facility, and (iv) may include Facility Scheduling, Operating Restrictions and Communications Protocols.

Interconnection Capacity Limit:	[REDACTED]
Maximum Stored Energy Level:	[REDACTED]
Minimum Stored Energy Level:	[REDACTED]
Maximum Charging Capacity:	[REDACTED]
Minimum Charging Capacity:	[REDACTED]
Maximum Discharging Capacity:	[REDACTED]
Minimum Discharging Capacity:	[REDACTED]
Maximum State of Charge (SOC) during Charging:	[REDACTED]
Minimum State of Charge (SOC) during Discharging:	[REDACTED]
Ramp Rate:	[REDACTED]
Annual Cycles per Contract Year:	[REDACTED]
Daily Dispatch Limits:	[REDACTED]
Maximum Time at Minimum Stored Energy Level:	[REDACTED]
Grid Charging of Facility:	[REDACTED]



Response Time:	
Ancillary Services Capability:	

EXHIBIT R

METERING DIAGRAM

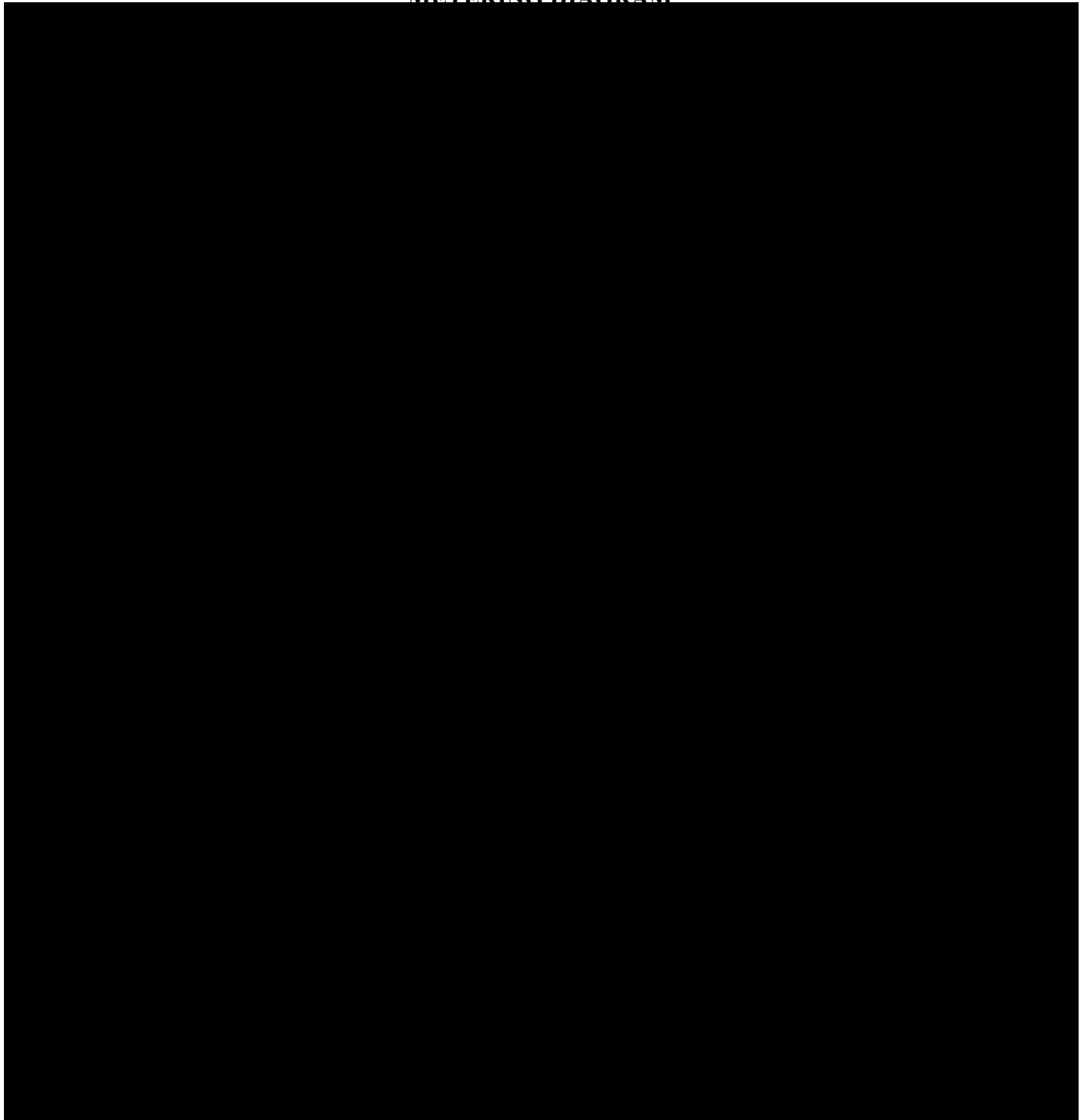


EXHIBIT S
COMMUNITY INVESTMENT





**CAC Item C7
Consent Item 12**

TO: Ava Community Energy Authority

FROM: Brett Wiley, Senior Program Associate

SUBJECT: Optiwatt Managed Charging Scope Addition to Lunar Contract

DATE: June 12, 2024

Recommendation

Approve a Resolution for the CEO to negotiate and execute a DERMS contract with Lunar Energy – previously approved at the May Board of Director’s meeting – that now includes a subcontracted scope with Optiwatt for managed electric vehicle (“EV”) charging services resulting from Ava’s 2023 request for proposals (“RFP”) soliciting proposals.

Optiwatt’s proposal offers scalable marketing services and managed EV charging program management with data services support to enhance Ava’s expertise in identifying and enrolling EV customers to manage their charging load. Managed EV charging is a priority Distributed Energy Resource (“DER”) in our forthcoming virtual power plant (“VPP”) via a Distributed Energy Management Software (“DERMS”) contract, currently under negotiation with Lunar Energy.

Background and Discussion

There are more than 114,000 EVs domiciled in Alameda and San Joaquin Counties¹. Currently, these customers are commonly charging during expensive and carbon intensive times. Furthermore, nearly half of these customers are not on EV Time of Use (“TOU”) rates. Through managed charging, Ava could optimize many of these EV

¹ At the end of Q1 2024. Estimated based on Ava customer data and the [California Energy Commission new EV sales dashboard](#).

drivers to charge during more desired times, which would reduce peak demands and associated greenhouse gases (“GHG”), while lowering our customer’s cost of energy.

Managed EV charging programs allow customers to enroll their vehicle or home charger into a platform that manages their charging to optimize electricity costs while still meeting their specific charging needs. The customer can set their vehicle charging needs, then let the program optimize for the best outcome while they get the state of charge needed by their prescribed time. Customers typically save money on their energy costs and reduce GHG emissions, while load serving entities can shift & shape charging load to reduce procurement costs and portfolio-wide emissions that benefits all customers. Enrollment and performance incentives further increase optimal participation while delivering additional customer benefits.

Ava’s Smart Charge Pilot spanned January 2023 to May 2023 to understand the impact of this service on Ava and our customers. The following pilot results are evidence of the value these programs can provide:

- Managed charging was widely accepted and valued among participants. Only 3% of charging sessions were overridden by participants because they needed their vehicle charged faster than it would have been on the managed charging schedule. Customers valued the ability to save money and charge during lower carbon hours – something that standard EV maker apps don’t provide – with easy ways to “set and forget” their personal charging needs and ability to “boost” charging when they need one right away.
- Our customers’ EV charging is a more flexible load. Pilot participants on average had their EVs plugged in for roughly 12 hours per charging session, with half of all charging sessions starting between 6-9pm, while only needing to charge 2.5 hours on the typical day.
- Peak load was meaningfully shifted, and customers saved money on their home charging. EV2 and E-TOU-C rate customers currently represent 78% of our EV drivers. In the pilot, EV2 rate customers’ total charging consumption was 20% during the peak and 24% during partial peak without managed charging. With managed charging, the total charging consumption was reduced to 2.5% during the peak and 4% during partial peak. For E-TOU-C rate customers, their peak charging was reduced from 17.5% down to 3%.

Managed charging programs by MCE, Peninsula Clean Energy, Silicon Valley Clean Energy, and Sonoma Clean Power validate similar results.

As Ava pursues a greener and more resilient energy future for its customers, improving the penetration of optimized EV charging, amid a suite of other DERs across our service area, will be foundational to our forthcoming VPP. This will be a key strategy to maximize the use of local renewables, reducing Ava's need for grid energy during peak times, and saving our customers money on their bills. This will be especially important as EV adoption accelerates in Alameda County and San Joaquin County. Our service area is seeing some of the highest EV adoption rates in the country with 32% of all new light-duty vehicles sold in 2023 being 100% electric, according to the California Energy Commission. Yet, market growth is still in the early stages since all light duty vehicles sold in California will be 100% zero emissions by 2035 per the California Air Resource Board's Advanced Clean Cars II ruling.

Vendor Selection

On November 3, 2023 Ava released a solicitation for a DERMS provider that included an additional scope for managed EV charging services. The goal of the solicitation was to contract with a single DERMS provider with the ability to control a suite of existing and future DERs types on a single platform, and provide Ava with centralized control to optimize the managed load for carbon emission mitigation, energy cost savings for customers, and procurement cost reductions. Firms could respond as a team or to individual scopes, ensuring we casted a wide net looking for the best solution while understanding existing market integrations and partners.

In addition to platform capabilities and DERMS integration, the managed charging scope evaluation criteria included an assessment of customer acquisition strategy, program experience, coverage of available EVs and chargers, partnerships, pricing structure & budget, and overall ability to scale.

Additional desired qualifications included an ability to enroll light duty fleets, willingness to accept performance-based pricing, management & retained value of Low Carbon Fuel Standard ("LCFS") credits, and performance in event-day demand response markets.

Ava received and evaluated three unique responses from market leaders in managed EV charging. During the evaluation process, two firms were identified as providing offers that fit Ava's needs best while being quite competitive in the standard and additional qualifications. Those firms were interviewed and provided a live demonstration of the consumer-facing managed EV charging application and the back-end dashboards & reporting.

Optiwatt's scope of work provides the best value and alignment to Ava and our RFP requirements. Ava staff recommend engaging Optiwatt to develop our managed EV charging program, implement a robust marketing campaign, enroll & support customers as program participants, and manage customer incentives & ongoing program administration, for the following reasons:

- Optiwatt's customer experience, enrollment options via an app or website, and existing market success to enroll EVs and chargers in other similar programs;
- Optiwatt demonstrated an ability to implement a wide-ranging and adaptable marketing campaign to reach the scale of program enrollments with as many Ava customers as possible, supporting electricity cost savings and distributing incentives broadly to program participants;
- Optiwatt's paired proposal & DERMS integration with Lunar Energy provide a streamlined way for Ava to contract with our two leading vendors via a single contract, while maintaining direct oversight of Optiwatt's work;
- Optiwatt's compatibility with a broad range of EVs and chargers;
- Optiwatt's ability and cost competitiveness to enroll a larger share of the total addressable market; and
- Ava will retain 100% of the value of LCFS credits generated in the program, which Ava can pass those benefits along to our customers.

Optiwatt's proposed scope of work would be executed via a subcontract with Lunar Energy. Optiwatt's managed EV charging scope includes marketing services in concert with Ava's own marketing, an Ava-branded app, technical integrations to EVs & chargers for the VPP, program launch, ongoing program management, data & reporting, and an optional scope related to EV fleet management.

In total, Optiwatt has committed to a minimum of 5,000 EVs and chargers enrolled by the end of the first year and 10,000 total enrollments by the end of the second year. The scope includes risk mitigation penalties for under performance. The minimum enrollments proposed in Year 1 and Year 2 would make this program one of the largest in California.

Fiscal Impact

The proposed contract term is two years with a not-to-exceed limit of \$2.3 million, with three one-year options to extend. The Local Development Fund has already allocated \$3 million for managed EV charging in the FY 23/24 budget. No additional expenditure is requested to support this contract at this time.

Attachments

- A. Resolution
- B. Presentation

RESOLUTION NO. R-2024-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO
NEGOTIATE AND EXECUTE A MASTER SERVICES AGREEMENT AMENDMENT
WITH LUNAR ENERGY TO INCLUDE OPTIWATT MANAGED CHARGING
SERVICES

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 in 2020, Ava committed to a zero-emission power supply by 2030, fifteen years ahead of state law requirements;

WHEREAS there are more than 114,000 EVs domiciled in Alameda and San Joaquin Counties at the end of Q1 2024¹;

WHEREAS Ava issued a request for proposals (“RFP”) on November 3, 2023 for a Distributed Energy Resources Management System (DERMS) provider to oversee a suite of Distributed Energy Resources (“DERs”) including a specific scope for managed charging, prioritizing electric vehicles (“EVs”) and home charging as a highly dispatchable DER.

WHEREAS Ava received three bids for managed charging and selected Optiwatt based on their proven experience, technological capabilities, marketing expertise, willingness to contract through Lunar Energy, and align with Ava’s objectives;

WHEREAS The Fiscal Year 2023/2024 budget included \$3M for the development and administration of managed EV charging;

¹ Estimated based on Ava customer data and the [California Energy Commission new EV sales dashboard](#)

WHEREAS Optiwatt is capable of supporting program design and administrative needs for the managed charging program while aggregating and integrating those resources into our DERMS;

WHEREAS Ava’s Board on May 15, 2024 approved the CEO to negotiate and execute a contract with Lunar Energy as Ava’s DERMS provider.

WHEREAS Ava wishes to amend its contract with Lunar Energy to include Optiwatt’s managed charging services scope and expand its capabilities to manage DERs, in a manner that benefits customers and Ava’s pursuit of carbon-free electricity by 2030.

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 Master Services Agreement amendment with Lunar Energy for inclusion of Optiwatt’s managed charging software, program design, and administrative services for an amount not to exceed \$2.3 million over a 2-year contract period.

ADOPTED AND APPROVED this 12th day of June, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board



Managed Charging Program and Vendor Selection

Board Presentation
6/12/24



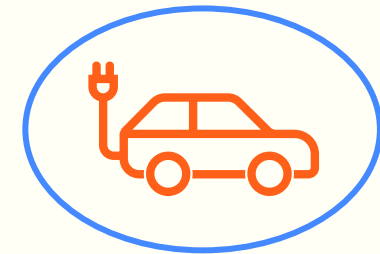
What is a DERMS?

Distributed Energy Resource Management System

A software platform designed to communicate with and optimize the operation of various distributed energy resources (DERs) located across Ava's service territory, such as:

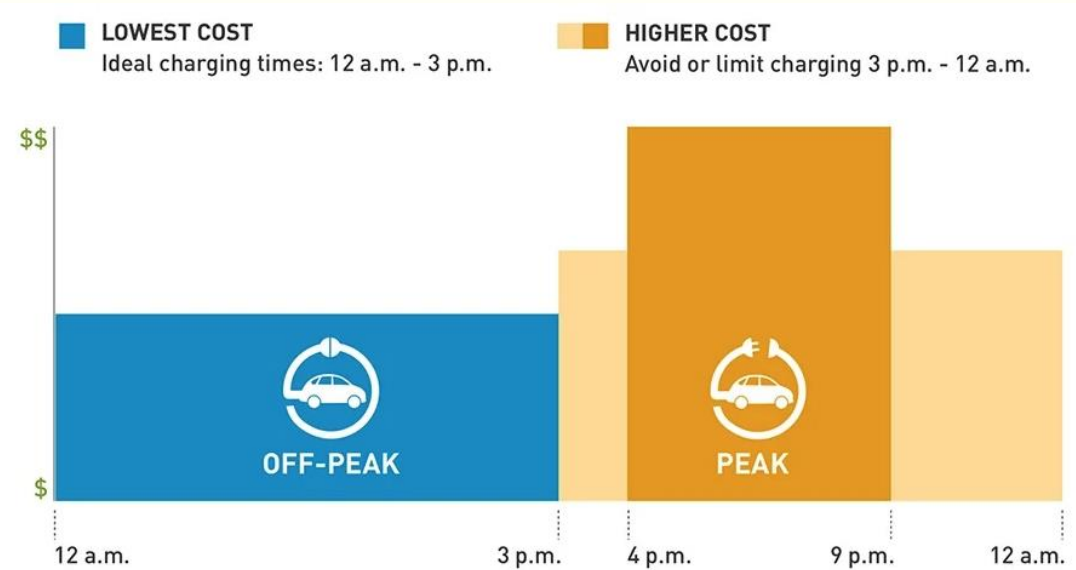
- electric vehicles
- batteries
- thermostats, and
- heat pump water heaters

Ava Board of Directors approved a resolution for the CEO to negotiate and execute a contract with our recommended DERMS provider Lunar Energy at the May 2024 Board meeting.



Why Ava Needs Managed Charging

EV2 Rate



E-TOU-C Rate



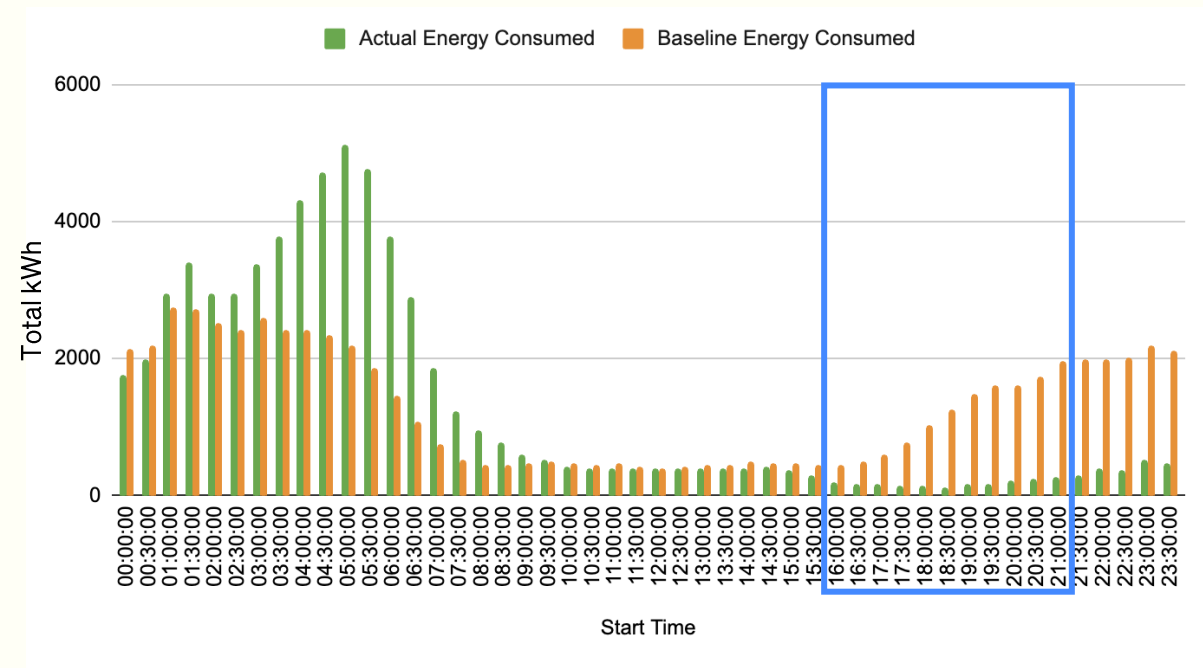
Why Ava Needs Managed Charging

Ava's Smart Charge Pilot (Jan-May 2023) reduced peak & part-peak (3pm-12am) charging from 44% to 6% of daily EV load among pilot participants

Rates alone don't shift charging behavior, while charging load is fairly flexible

Customers can reduce their costs without a change in their desired state of charge for their "ready by" time

Managed EV Charging Consumption v. Non-Managed EV Charging Consumption in Ava's Smart Charge Pilot



Why Ava Needs Managed Charging

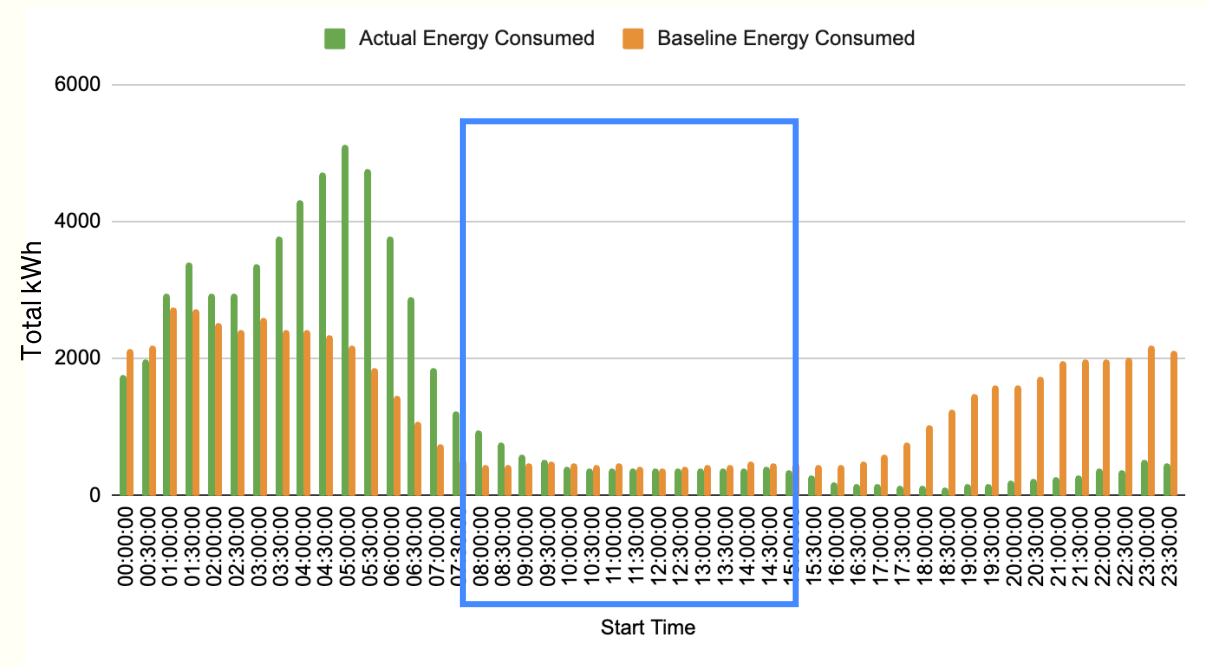
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Customers can reduce their costs without a change in their desired state of charge for their "ready by" time

Ava can reduce GHG intensity of electricity delivered and procurement cost to serve

Managed EV Charging Consumption v. Non-Managed EV Charging Consumption in Ava's Smart Charge Pilot



Why Ava Needs Managed Charging

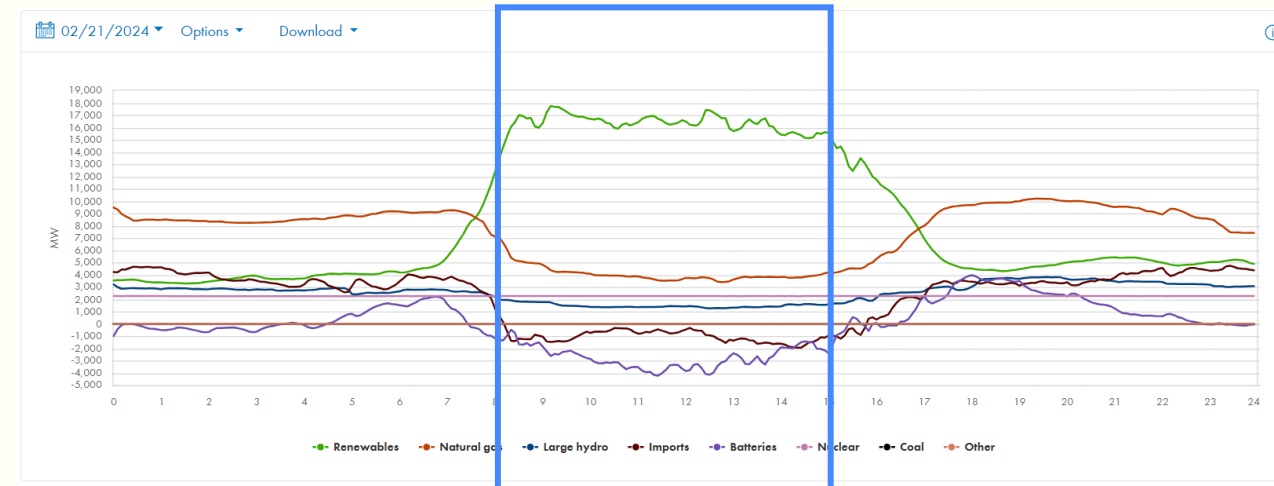
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Rates alone don't shift charging behavior, while charging load is fairly flexible

Customers can reduce their costs without a change in their desired state of charge for their "ready by" time

Ava can reduce GHG intensity of electricity delivered and procurement cost to serve

CAISO Supply Trend for 2/21/24, and showing a typical trend between renewables and natural gas between Sept '23 and Feb '24



Why Ava Needs Managed Charging

Ava's Smart Charge Pilot (Jan-May 2023) reduced peak & part-peak (3pm-12am) charging from 44% to 6% of daily EV load among pilot participants.

Rates alone don't shift charging behavior, while charging load is fairly flexible.

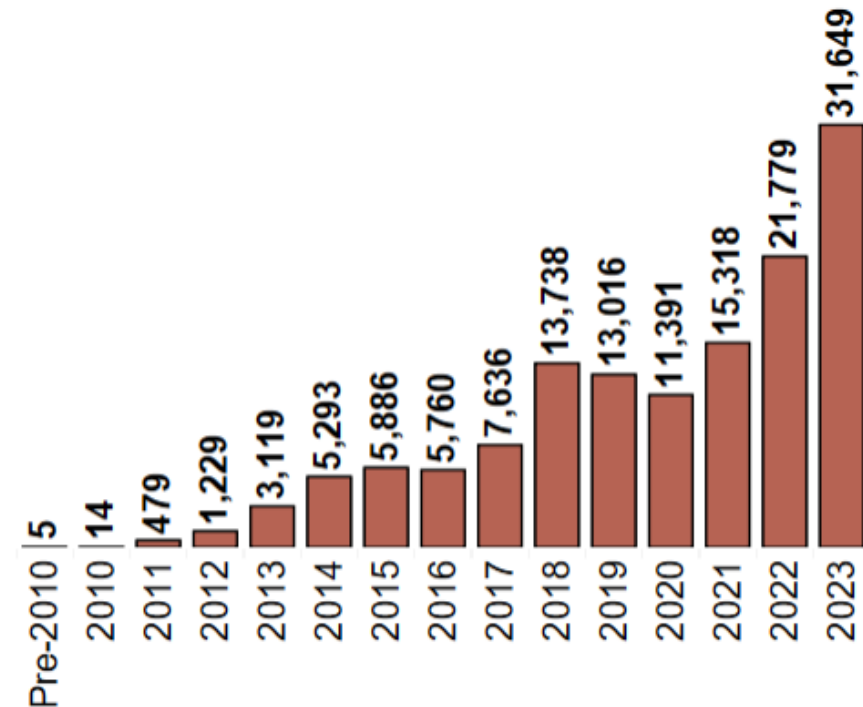
Customers can reduce their costs without a change in their desired state of charge for their "ready by" time.

Ava can reduce GHG intensity of electricity delivered and procurement cost to serve.

Ava's service area has one of the highest EV adoption rates in the U.S.



Annual New ZEV Sales



Source: CEC ZEV Dashboard; Alameda & San Joaquin Counties

Why Ava Needs Managed Charging

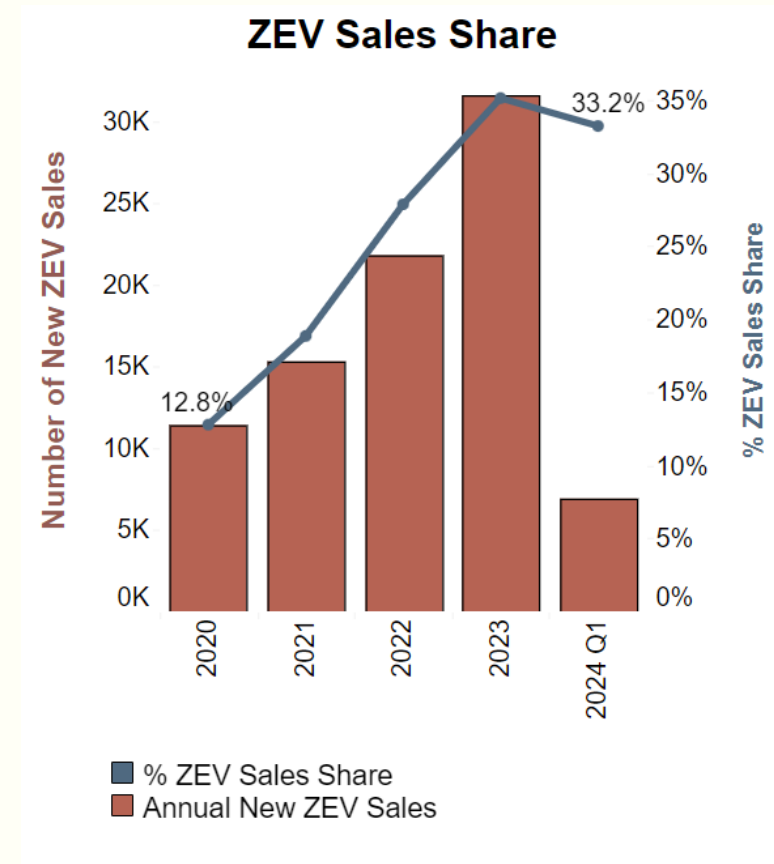
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Rates alone don't shift charging behavior, while charging load is fairly flexible.

Customers can reduce their costs without a change in their desired state of charge for their "ready by" time.

Ava can reduce GHG intensity of electricity delivered and procurement cost to serve.

Ava's service area has one of the highest EV adoption rates in the U.S.



Source: CEC ZEV Dashboard; Alameda & San Joaquin Counties

Program Overview



Program Overview

The managed charging program will allow Ava, through our DERMS provider, to actively manage, shift, and shape the daily load of our EV customers home charging through an app- and web-based platform where customers would enroll their EV and/or charger, set their preferences, save money, and receive performance-based incentives.

Target Segment: Ava customers with EVs

Enrollment Goal: at least 5K in Yr 1 and total of at least 10K by end of Yr 2

Target Launch Date: October 2024

Budget: \$2.3M from already approved funds from FY23/24 budget

Current State: Approve the addition of Optiwatt's managed charging services under the May BOD meeting authorization for the CEO to negotiate and execute Lunar DERMS contract

Program Priorities in First 2 Years

- Increase Ava awareness among our EV customers with a fully Ava branded enrollment and managed charging experience, including nudges to our DCFC network
- Enroll at least 10,000 Ava customers to optimize charging during lower cost TOU periods & lower carbon hours without disrupting the customer's desired state of charge
- Shift load from 4-9pm peak period – or other periods as identified by Ava's procurement priorities – to reduce our procurement costs
- Reduce customer energy cost, reduce GHGs, and provide grid resiliency while understanding how a scaled managed charging program could impact Ava's procurement costs
- Earn revenue to reinvest back into electric transportation programs from Low Carbon Fuel Standards credits generated from customer's home charging



Solicitation Details and Why Optiwatt



Managed Charging Solicitation Background & Overview

Background:

- RFP for a managed charging provider released on November 3, 2023 as part of the DERMS solicitation
- Received three bids
- Responses were largely evaluated based on:
 - Detailed customer acquisition strategy & plan to achieve scaled program enrollments
 - Demonstrated experience in managed EV charging services and programs
 - Coverage of available U.S. EV and charger models
 - Integrations with DERMS providers
 - Competitive and performance-based pricing aligned with a reasonable & clear program budget
 - Ability for pricing structure to accommodate future growth

Recommendation:

- Select **Optiwatt** as Ava's managed EV charging provider
- Contract Term: 2 years, with 3 one-year options to extend
- Budget: \$2.3 million (previously allocated in FY 23/24 budget)



Scaled Program Enrollments & Impact potential to be the largest program in North America

Key Scaling Ingredients

- The Size & Growth of Ava's EV Market
- Optiwatt's Knowledge + Experience in Ava's Territory and with Ava Customers
- A Compelling End-Customer Value Proposition beyond incentives
- Omnichannel Marketing Engine deployed w/ 50+ channels
- Deep Marketing Coordination
- Local Marketing Approach collaborating w/ local partners
- Point of Sale Marketing w/ OEMs & installers
- Leverage Optiwatt's CEC Grants and broader CA programs
- Simple, Integrated Enrollment Experience



Decarbonize EV Charging

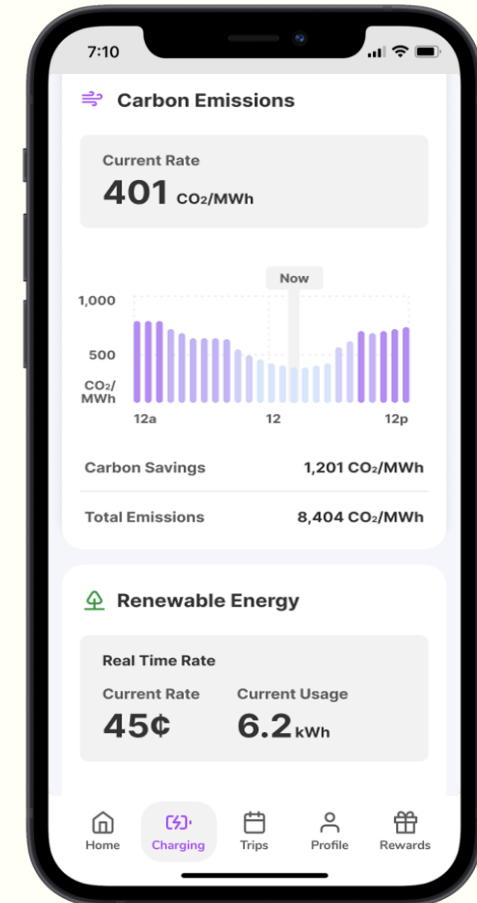
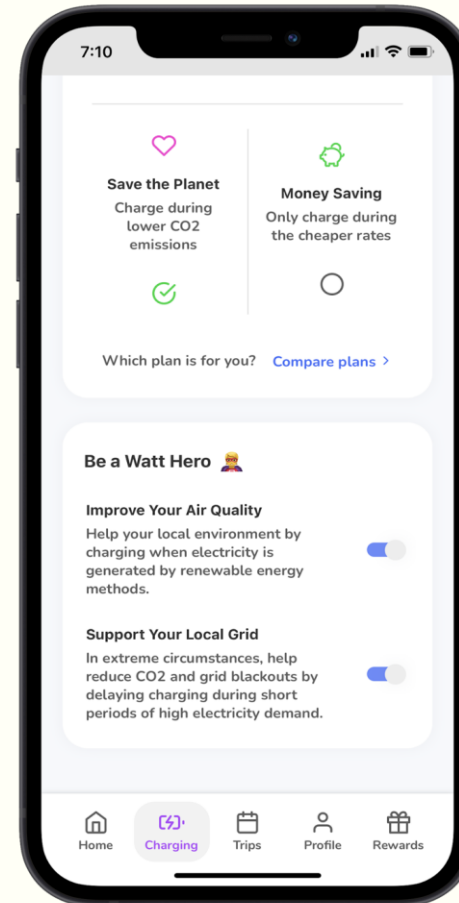
with carbon/renewable energy optimized charging

Optiwatt's 'Save the Planet' Mode

Charge during lower CO2 emissions

- Integrated with real time localized grid emissions & renewable energy signals from WattTime
- Works separately and/or in conjunction with time of use optimization
- Carbon saving & total emissions feedback

Estimated 40-60% MTCO2 Annual EV Charging Emissions Savings



Optiwatt's Data Security & Privacy



1. *Optiwatt is SOC 2 Type 2 Compliant*
2. *Secure File Transfer Processes*
3. *Data Encrypted in Transit and At Rest*
4. *Minimal Data Exchanged*
5. *Only hashed data exchanged where possible*

Thank you!



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CAC Item C8
Consent Item 13

TO: Ava Community Energy Authority

FROM: Dan Bertoldi, Electrification Program Manager

SUBJECT: **Additional Funding to The Energy Council (“Stopwaste”) to Administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program**

DATE: June 12, 2024

Recommendation

Adopt a Resolution to authorize additional funding for the Cooperative Agreement with the Energy Council (“StopWaste”) to administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program by an additional \$1,000,000, for a total amount not to exceed \$1,660,000.

Background and Discussion

To support the developing market for building electrification, Ava Community Energy is a participating agency in a regional cooperative agreement with The Energy Council (“StopWaste”) and other participating agencies including local energy providers and public agencies to administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program (“Program”). The Program provides a \$1,000 incentive to contractors per heat pump water heater installed. Ava has been a partner in the Program since April 2020, with an initial contribution of \$300,000 to support the Program. In FY 22/23, Ava added another \$360,000, for a total not to exceed of \$660,000, which carried the program through the launch of TECH Clean CA incentives in October of 2023.

Heat Pump Water Heaters (HPWH) provide high-efficiency water heating powered by electricity, which in the Bay Area is now cleaner than natural gas in terms of greenhouse gas emissions. HPWHs can also provide thermal storage, allowing electricity to be used only during low-emission and low-cost times of day and have the potential to reduce demand during peak periods.

The primary goal of this Ava-led initiative is to support contractors in deployment of a relatively new technology for residents and promote early adoption of HPWHs in Ava's service area, where the market penetration for HPWHs is still low. This program also leverages other regional efforts to adopt HPWHs, including marketing assets and workforce training, and supports Ava's goals of local investment and greenhouse gas reduction. The program has funded the installation of 550 HPWHs as of October 2023. The additional funding will continue to fill the gap for much needed HPWH incentives, which is critical in making forward progress when other HPWH incentives are depleted. Ava engaged with StopWaste to attempt to provide higher incentives for low-income customers. However, StopWaste informed Ava that it would need to restructure program administration, develop a distinct pathway to reach low-income customers, and require all jurisdictions participating in the program via StopWaste to also provide higher incentives for low-income customers, therefore Ava will address incentives for heat pump water heaters for low-income customers through other efforts.

Staff is recommending adding an additional \$1,000,000 to the Cooperative Agreement with StopWaste to continue bringing down costs for customers who are looking to transition from gas to heat pump water heaters.

Fiscal Impact

The Amendment to the Cooperative Agreement will be funded with \$1,000,000 from the previously approved Local Development Budget.

Attachments

- A. Resolution of the Board of Directors Authorizing Additional Funding to The Cooperative Agreement with Energy Council ("StopWaste") to Administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program.

RESOLUTION NO. R-2024-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY TO AUTHORIZE ADDITIONAL
FUNDING FOR THE ENERGY COUNCIL (“STOPWASTE”) TO ADMINISTER THE
BAY AREA REGIONAL HEAT PUMP WATER HEATER CONTRACTOR INCENTIVE
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 the market for heat pump water heaters (HPWHs) in the Bay Area is still developing and multiple barriers make HPWH installations uncommon, and to support Ava’s goals of local investment and greenhouse gas reduction; and

WHEREAS in May 2020, the CEO executed a Cooperative Agreement with The Energy Council (also referred to as “StopWaste”) and other participating agencies including local energy providers and public agencies to promote early adoption of heat pump water heaters (HPWHs) in residential buildings; and

WHEREAS the Energy Council is a joint powers agency comprised of Alameda County and all cities in Alameda County, with a mission to develop and implement programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean and renewable resources, and help create climate resilient communities; and

WHEREAS in 2023, the term of the Cooperative Agreement was amended by all participating agencies to extend the termination date to March 31, 2025; and

WHEREAS to continue funding the administration of the program and incentives for heat pump water heater installations in Ava’s service area, Ava staff seeks to increase funding by an additional \$1,000,000 for a total amount not to exceed \$1,660,000.

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

Section 1. Authorizes the CEO to add an additional \$1,000,000, for a total amount not to exceed \$1,660,000, to the Cooperative Agreement with the Energy Council (“StopWaste”) to administer the Bay Area Regional Heat Pump Water Heater Contractor Incentive Program.

ADOPTED AND APPROVED this 12th day of June, 2024.

Jack Balch, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board