



ELECTRIC SCHEDULE E-CHPSA
COMBINED HEAT AND POWER SIMPLIFIED UNDER 500 KW PPA

Sheet 1

(N)
(N)

APPLICABILITY : This Schedule provides a power purchase agreement (PPA) for combined heat and power systems with an as-available contract capacity rating of less than five hundred (500) kilowatts (kW) and a nameplate electrical capacity rating of less than five hundred (500) kW. This Schedule is optional for customers having a combined heat and power system that produces both electricity and thermal energy for heating or cooling from a single fuel input if the customer meets the criteria for Eligible Customer-Generator and the requirements contained in this Schedule. Pursuant to Public Utilities Code (PUC) Section 2840.2(b) and other applicable laws, an Eligible Customer-Generator means a customer that meets all of the following requirements:

(N)

- (1) Uses a combined heat and power system with a nameplate electrical capacity rating of less than five hundred (500) kW that first commences operation on or after January 1, 2008.
- (2) The combined heat and power system exports less than 500 kW.
- (3) Is a Qualifying Facility pursuant to the Public Utility Regulatory Policies Act (PURPA) set forth at 16 USC §824 a-3, unless the customer is a public agency described in 16 USC §824(f).
- (4) Uses a time-of-use meter capable of registering the flow of electricity in two directions.

TERRITORY: The entire territory served.

RATES: The customer's otherwise applicable tariff schedules (OAS) shall apply to electric service to the customer.

PG&E shall purchase the net power output of the Eligible Customer-Generator in accordance with the terms set forth in the Standard Contract for Eligible CHP Facilities with Net Output Less Than 500 kW Power Purchase and Sale Agreement (Form No. 79-1138).

Participating Eligible Customer-Generators will receive an all-in price in \$/kWh, based on a proxy market price for a new combined cycle gas turbine (CCGT) with adjustments for time of delivery (TOD):

- (1) The TOD factors and periods shall be the TOD factors from the most recent Market Price Referent (MPR). The TOD factors in place at the time of contract execution shall apply for the entire contract duration.
- (2) The Fixed Component for all TOD periods shall be the amount applicable to the year of the term start date.

(N)

(Continued)

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RATES:
(Cont'd.)

Fixed Component
(\$/kWh)

= Fixed Component of the most current MPR in \$/kWh based on 10-year contract.

(N)

Variable Component
(\$/kWh)

= [(Monthly bidweek + Intrastate gas transportation rate)* Heat Rate]/1,000,000 + Variable Overhead and Maintenance (O&M)

Monthly bidweek (\$/MMBtu) = monthly bidweek gas price at PG&E Citygate (monthly bidweek gas prices shall be calculated as the average of three bidweek gas indices as reported in Gas Daily, Natural Gas Intelligence, and Natural Gas Weekly)

Intrastate gas transportation rate (\$/MMBtu) = the sum of (a) the Gas Transportation Service to Electric Generation rate as it applies to "All Other Customers", as published in PG&E's Gas Rate Schedule G-EG, and (b) the Customer-Procured Gas Franchise Fee Surcharge rate, as published in PG&E's Gas Rate Schedule G-SUR

Heat Rate = 6,924 Btu/kWh (based on average Heat Rate from 2011 MPR)

Variable O&M (\$/kWh) = based on variable O&M adder from the most current MPR

Final Price
(\$/kWh)

= [(Fixed Component + Variable Component) * TOD factor] * 1.1 Location Bonus (if applicable)¹

(N)

¹ The Location Bonus shall apply to Eligible Customer-Generators interconnected in areas with local Resource Adequacy (RA) requirements during the year of contract execution.

(N)
(N)

(Continued)

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Sheet 3

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SPECIAL CONDITIONS:

1. **CONTRACT:** Eligible Customer-Generators wishing to participate in this Schedule must execute and comply with the requirements of the Standard Contract for Eligible CHP Facilities with Net Output Less Than 500 kW Power Purchase and Sale Agreement (Standard Contract) (Form 79-1138).
2. **CHP CAPACITY:** An as-available contract capacity rating of less than or equal to five hundred (500) kilowatts and a nameplate electrical capacity rating for the CHP generating equipment of less than five hundred (500) kilowatts is required for participation in this Schedule.
3. **TERM:** Participating Eligible Customer-Generators must specify the contract term in the Standard Contract. The term shall be no less than one (1) year and no more than ten (10) years.
4. **CEC CERTIFICATION:** Eligible Customer-Generators wishing to participate in this Schedule must obtain and maintain certification as a Qualifying Combined Heat and Power (CHP) System pursuant to the California Energy Commission (CEC) Guidelines For Certification of Combined Heat and Power Systems Pursuant to the Waste Heat and Carbon Emissions Reduction Act, Public Utilities Code Section 2840 et seq.
5. **QUALIFYING FACILITY:** Eligible Customer Generators wishing to participate in this Schedule must during the entire contract term comply with the provisions of 18 CFR §292.201, et seq., which applies the criteria for and manner of becoming a qualifying facility under PURPA, unless the Eligible Customer Generator is a public agency exempt from FERC jurisdiction under 16 U.S.C. §824(f).

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SPECIAL
CONDITIONS:
(Cont'd.)

- 6. RESOURCE ADEQUACY: Participating Eligible Customer-Generators are required to meet CPUC and California Independent System Operator (CAISO) resource adequacy requirements, subject to the provisions of this Condition 6. If such requirements could interfere with the Participating Eligible Customer-Generator's operations, they may be challenged but shall remain in effect unless stayed by the relevant governmental agency pending resolution of the challenge. A Participating Eligible Customer-Generator may execute a Standard Contract pending fulfillment of resource adequacy requirements. If the generating facility is interconnected through a FERC-jurisdictional interconnection tariff then Seller shall comply with all applicable provisions of the CAISO Tariff. If the Seller is able to begin energy deliveries before meeting resource adequacy requirements, the Participating Eligible Customer-Generator will receive payment for energy and as-available capacity deliveries pursuant to the "Standard Contract for Qualifying Facilities with a Power Rating that is Less than or Equal to 20 MW" as provided in the QF/CHP Settlement, Attachment A, Exhibit 6" (PURPA PPA). Following the outcome of the Interconnection and Resource Adequacy rulemaking proceedings before the CPUC (R.11-09-001 and R.09-10-032), a deliverability study may or may not be required for all AB 1613 resources. The CPUC may require appropriate amendments to the Standard Contract to address this issue. The Participating Eligible Customer-Generator must agree to comply with any such CPUC requirement. If Seller interconnects the Generating Facility pursuant to a non-FERC-jurisdictional interconnection tariff, Seller shall not be required to provide Resource Adequacy Benefits, and Buyer's total obligation to obtain Resource Adequacy Benefits pursuant to the Resource Adequacy Rulings with respect to the service area of Buyer will be decreased by the Generating Facility's generating capacity, provided that, if the outcome of any CPUC proceeding requires Seller to obtain a deliverability study, Seller shall promptly obtain such deliverability study and provide it to Buyer upon the completion of such deliverability study.

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SPECIAL
CONDITIONS:
(Cont'd.)

- 7. INTERCONNECTION: Participating Eligible Customer-Generators shall be responsible at their sole cost to obtain and maintain all distribution, transmission, and interconnection rights and agreements (including all Governmental Authority approvals) in accordance with the Standard Contract. (L)
- 8. METERING: Participating Eligible Customer-Generators shall be responsible at their sole cost to install, maintain and test all California Independent System Operator (CAISO) approved meters in accordance with the Standard Contract. PG&E may at its sole cost furnish and install one check meter in accordance with the Standard Contract.
- 9. PAYMENT LIMITERS: Hourly payment shall not exceed compensation for more than 500 kW and payment for Expected Term Year Energy Production may not exceed the As-Available Contract Capacity at 100% capacity factor applied over the Term Year.
- 10. ELECTRIC ENERGY, CAPACITY, AND GREEN ATTRIBUTES: Participating Eligible Customer-Generators shall, in accordance with the terms and limitations of the Standard Contract, provide and convey to PG&E electric energy produced by the eligible CHP facilities net of all station use and any and all site host load. Such conveyance shall include all related capacity benefits and Green Attributes.
- 11. GREENHOUSE GAS COMPLIANCE COSTS: PG&E shall be responsible for direct greenhouse gas (GHG) compliance costs attributable to the Eligible Customer-Generator CHP system for GHG emissions associated with the power purchased by PG&E pursuant to the Standard Contract. PG&E shall reimburse the Eligible Customer-Generator for actual direct GHG compliance costs in accordance with the terms and limitations contained in the Standard Contract. This provision shall not apply in any period during which the Participating Eligible Customer-Generator is receiving payments based on the PURPA PPA pursuant to Special Condition 6, "Resource Adequacy."
- 12. TARIFFS: All applicable rates, rules and tariffs shall remain in full effect for participating Eligible Customer-Generators. In the event of a conflict, the terms and conditions provided in this Schedule and the Standard Contract shall supersede those set forth in the standard CPUC-approved tariffs. In the event of a conflict between this Schedule and the more-detailed provisions of the Standard Contract, the provisions of the Standard Contract shall prevail.
- 13. LIMITATION ON PARTICIPATION: There is no cap on participation in this Schedule. However, in accordance with California Public Utilities Commission (CPUC) D.09-12-042, PG&E may file an application seeking CPUC authorization to establish a maximum kilowatt-hour limitation on the amount of excess electricity PG&E must purchase under this Schedule. (L)

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Sheet 6

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SPECIAL
CONDITIONS:
(Cont'd.)

14. INSURANCE: Seller shall maintain during the performance hereof, General Liability Insurance of not less than \$1,000,000 if the Facility's Nameplate is over 100 kW, \$500,000 if the Facility's nameplate is over 20 kW to 100 kW, or \$100,000 if the Facility's Nameplate is 20 kW or below of combined single limit or equivalent for bodily injury, personal injury, and property damage as the result of any one occurrence. General Liability Insurance shall include coverage for Premises-Operations, Owners and Contractors Protective, Products/Completed Operations Hazard, Explosion, Collapse, Underground, Contractual Liability, and Broad Form Property Damage including completed Operations.

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