**Firm Zero Emitting Term Sheet**

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|  | Project  | The renewable generation facility submitted in the Offer Form in connection with PG&E’s MTR Phase 2 RFO. |
|  | Nameplate Capacity of Project | [●] MW  |
|  |  Transaction | Seller will deliver Product to Buyer for Buyer’s exclusive use. |
|  | Product | All Energy produced by or associated with the Project, all Green Attributes, and all Capacity Attributes that can be calculated or derived from the Project’s operational characteristics. All Product must be exclusively from the Project. Buyer’s right to Product will not include any right to dispatch or receive Ancillary Services from the Project.  |
|  | Green Attributes | All credits, benefits, emissions reductions, offsets, and allowances attributable to the generation of the Project and its avoidance of the emission of any greenhouse gas, chemical, or pollutant to the air, soil, or water. Green Attributes include Renewable Energy Credits as set forth in California Public Utilities Code Section 399.12(h) and CPUC Decision 08-08-028. |
|  | Capacity Attributes | Any and all of the following attributes:1. System RA Attributes
2. Local RA Attributes
3. Flexible RA Attributes
4. Exclusive of (a), (b), and (c), any current or future capacity characteristics or attributes

The amount of Capacity Attributes Seller owes Buyer will be calculated from the Project’s operational characteristics, including location, point of interconnection, Pmax, Pmin, minimum real-time dispatchable level, and ramp rates. ***[Note to Seller: To the extent that Seller expects ambient conditions to impact Capacity Attributes, Sellers should provide data or formula describing those impacts. Additionally, to the extent that Seller will not be marked as a dispatchable facility in the CAISO Masterfile, Seller’s generation, by impacting Seller’s ability to deliver Capacity Attributes, will impact the Confirmed Quantity Ratio.]*** |
|  | Delivery of Capacity Attributes | For every month of the Delivery Term, Seller shall take all actions, including executing all documents or instruments, complying with all applicable registration, certification and reporting requirements of all applicable Governmental Authorities and other Persons, as such requirements may be amended from time to time, that are necessary to ensure that Buyer can use Capacity Attributes for its compliance obligations.A Confirmed Quantity Ratio will be calculated for every month of the Delivery Term, equal to the ratio of (a) the sum of all Capacity Attributes delivered, divided by (b) the sum of all Capacity Attributes calculated. |
|  | Scheduling Coordinator | Seller shall be the SC or shall designate a qualified third party to fulfill such role for the Project in order to deliver Product to Buyer. Seller will grant Buyer access to information necessary to settle the Agreement, including settlement-quality meter data. |
|  | Settlement Amount | For every month, the Settlement Amount will equal the sum of:1. for every Settlement Interval in the month, the amount equal to (a) the Meter Payment, which is the Meter Quantity multiplied by the Meter Contract Price, minus (b) the Market Price Payment, which is the Meter Quantity multiplied by the Market Price.
2. If the Settlement Amount is greater than $0, Buyer will pay Seller the Settlement Amount. If the Settlement Amount is less than $0, Seller will pay Buyer the absolute value of the Settlement Amount.

***[Note to Seller: For resources that can provide more flexibility and dispatchability, a different Settlement Amount based on a capacity price may be negotiated.]*** |
|  | Settlement Interval | Day-Ahead hourly intervals |
|  | Meter Quantity | The amount of Energy generated by the Project and delivered to the point of interconnection to the CAISO-controlled grid, as measured by the Project’s CAISO revenue meter. |
|  | Meter Contract Price | $[●]/MWh for Meter Quantity  |
|  | Market Price | Day-Ahead price expressed in $/MWh at the Settlement Point. In the event the Market Price is less than $0/MWh for a Settlement Interval, the Meter Quantity will equal zero (0). |
|  | Settlement Point | Project’s P-Node |
|  | Resold Product | Buyer may resell all or any portion of Product purchased under the PPA (“Resold Product”). If Buyer resells Product, Seller will follow Buyer’s instructions with respect to providing Resold Product to subsequent purchasers of such Resold Product to the extent such instructions are consistent with Seller’s obligations under the PPA, including taking all commercially reasonable actions and executing all documents or instruments reasonably necessary to allow such subsequent purchasers to use such Resold Product in a manner consistent with Buyer’s rights under the PPA. |
|  | Expected Initial Delivery Date (EIDD) | Date submitted in the Offer Form in connection with PG&E’s MTR Phase 2 RFO. |
|  | Initial Delivery Date (IDD) | IDD must occur on the first day of a month. IDD may not occur unless Installed Capacity is at least 99% of Expected Nameplate Capacity and may not occur more than three (3) months after EIDD. In the event IDD does not occur by EIDD, Seller shall pay delay damages equal to $750/MW per day multiplied by Expected Nameplate Capacity for every day the IDD is delayed beyond EIDD.In the event Seller has not achieved IDD three (3) months after EIDD, Seller can extend the deadline for IDD by an additional three (3) months as long as all delay damages have been paid and Seller still has performance assurance posted in the amount of $90/kW multiplied by Expected Nameplate Capacity. For every day the IDD is delayed beyond three (3) months after EIDD, Seller shall pay delay damages equal to $750/MW per day multiplied by Expected Nameplate Capacity. |
|  | Delivery Term | [●] years from IDD |
|  | Contract Quantity | The quantity of Energy Seller commits to delivering each contract year to the point of interconnection to the CAISO-controlled grid, as measured by the CAISO revenue meter, and as specified below: |

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|  |  | **Year** | **Contract Quantity** |
|  |  | 1 |  |
|  |  | 2 |  |
|  |  | 3 |  |
|  |  | 4 |  |
|  |  | 5 |  |
|  |  | Etc. |  |

|  |  |  |
| --- | --- | --- |
|  |  | ***[Note to Seller: This Contract Quantity should match the generation profile provided in the offer, reflecting baseload availability.]*** |

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|  | Excess Settlement Amount | If at any point in any contract year, the amount of Meter Quantity exceeds the Contract Quantity, then each additional Settlement Interval in such contract year will be an “Excess Settlement Interval” and the “Excess Settlement Amount” will be used instead of the Settlement Amount. The Excess Settlement Amount will be calculated as follows:1. For each Excess Settlement Interval where the Market Price is greater than 50% of the Meter Contract Price, the difference between (a) 50% of the Meter Contract Price multiplied by the Meter Quantity, minus (b) the Market Price multiplied by the Meter Quantity
2. For each Excess Settlement Interval where the Market Price is less than or equal to 50% of the Meter Contract Price, the amount of $0

If the Excess Settlement Amount is greater than $0, Buyer will pay Seller the Excess Settlement Amount. If the Excess Settlement Amount is less than $0, Seller will pay Buyer the absolute value of the Excess Settlement Amount. |
|  | Planned Outages | During the Delivery Term, Seller shall not take any Planned Outages for the Project during the time period of May 1 through October 31. |
|  | Settlement Adjustment for Capacity Attribute Shortfall | If the Confirmed Quantity Ratio is less than one hundred percent (100%) for any month, Buyer will adjust the Settlement Amount and Excess Settlement Amount to account for this shortfall; provided that if the Confirmed Quantity Ratio is less than one hundred percent (100%) in the months of November through April because of a Planned Outage, no adjustments will be made.For months subject to a settlement adjustment:For every Settlement Interval in the month, the Meter Payment will be equal to the product of (i) Meter Quantity, multiplied by (ii) Meter Contract Price, multiplied by (iii) Confirmed Quantity Ratio; andFor every Excess Settlement Interval in the month, the Excess Settlement Amount will be calculated as follows:1. For each Excess Settlement Interval where the Market Price is greater than 50% of the Meter Contract Price, the difference between (a) 50% of the Meter Contract Price, multiplied by the Meter Quantity, multiplied by the Confirmed Quantity Ratio, minus (b) the Market Price multiplied by the Meter Quantity;
2. For each Excess Settlement Interval where the Market Price is less than or equal to 50% of the Meter Contract Price and the Market Price is greater than $0/MWh, the product of (a) negative one (1), multiplied by (b) Market Price, multiplied by (c) Meter Quantity, multiplied by (d) the difference between one hundred percent (100%) minus the Confirmed Quantity Ratio; and
3. For each Excess Settlement Interval where the Market Price is less than or equal to 50% of the Meter Contract Price and the Market Price is less than $0/MWh, the amount of $0.
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|  | Guaranteed Energy Production | In each contract year, Seller will be required to provide to Buyer Meter Quantity at no less than the Guaranteed Energy Production (GEP). GEP is equal to the product of (a) 80% of Contract Quantity, multiplied by (b) the quotient of (i) total number of hours in a contract year minus hours the Project was unavailable for Force Majeure, divided by (ii) total number of hours in a contract year. |
|  | GEP Damages | If Seller is unable to meet its GEP requirement, Seller must pay GEP Damages, calculated as the product of:(a) shortfall between Meter Quantity and GEP, multiplied by(b) the greater of:(x) the sum of:(i) the average Market Price for all Settlement Intervals in the contract year minus the Meter Contract Price, and (ii) $50/MWh, or(y) $20/MWh. |
|  | 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 Meter Quantity are issued and tracked for purposes of satisfying the requirements of the California Renewables Portfolio Standard and that Renewable Energy Credits are transferred in a timely manner to Buyer for Buyer’s sole benefit.In the event there is a shortfall of WREGIS Certificates delivered to Buyer for a calendar month compared to Meter Quantity for that same calendar month (“WREGIS Certificate Deficit”), then the amount of Meter Quantity for that month shall be reduced for the purposes of calculating the Meter Payment for that month and GEP for the applicable contract year. Any adjustments to the Meter Payment will be made on Seller’s next monthly invoice to Buyer. |
|  | Performance Assurance | Upon contract execution, Seller shall post $90/kW multiplied by Expected Nameplate Capacity in the form of letter of credit or cash as Project Development Security.Prior to IDD, Seller shall post Delivery Term Security in the form of a letter of credit, cash, or guaranty as follows:1. For Delivery Term under 15 years, 6 months of expected revenues, calculated as the sum of Meter Payments, with a minimum of the higher of (a) $300/effective kW and (b) $250,000
2. For Delivery Term of 15 years, 9 months of expected revenues, calculated as the sum of Meter Payments, with a minimum of the higher of (a) $300/effective kW and (b) $250,000

Effective kW = Expected Nameplate Capacity multiplied by expected capacity factor. |
|  | Events of Default | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement and will also include the following Seller Events of Default:1. Failure to reach IDD within three (3) months of EIDD, provided that if Seller extends the IDD cure period, an Event of Default will be failure to reach IDD within six (6) months of EIDD.
2. Failure by Seller to achieve the GEP requirement by failing to pay GEP Damages.
3. Cumulative Meter Quantity is zero (0) for a contract year
4. During the Delivery Term, the Confirmed Quantity Ratio averages less than eighty percent (80%) over a rolling twelve (12) month period for any reason other than Force Majeure.
5. During the Delivery Term, the Confirmed Quantity Ratio averages less than eighty percent (85%) over a rolling twenty-four (24) month period for any reason other than Force Majeure.
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|  | CPUC Approval | If CPUC Approval has not occurred on or before 180 days from the date on which Buyer files the Agreement with the CPUC seeking CPUC Approval, then either Party may terminate the Agreement.“CPUC Approval” means a final and non-appealable order of the CPUC, without conditions or modifications unacceptable to either of the Parties, pursuant to which the CPUC approves of the Agreement in its entirety. |
|  | Information Sharing | Seller understands and acknowledges that Buyer is entering into agreements to meet Buyer’s IRP zero-emissions capacity target established under CPUC Decision 21-06-035. Throughout the term of any agreement, Seller will share all information necessary to support Buyer’s IRP compliance, including providing evidence that the Project is on track to be online and able to deliver Product. |
|  | Safety | TBD. Language will be included in the agreement to ensure that Seller constructs, operates, and maintains the Project in a safe, reliable manner and in accordance with Prudent Electrical Practices. |
|  | Climate Change Attestation | ***For Projects with a term of 15 years or more:*** Seller will attest that long-term climate risks have been assessed with respect to the Project, consistent with CPUC Decision 20-08-046. |
|  | Force Majeure | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Termination Payment | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Conditions Precedent | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Confidentiality | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Dispute Resolution | Customary provisions similar to PG&E’s Long-term Resource Adequacy Agreement with Energy Settlement as posted in the MTR Phase 2 RFO. |
|  | Governing Law | California |